

Testimony on House Bill 2424
House Taxation Committee
MAY 9, 2017
Harvey County Council of Governments
Bernie Koch

Mr. Chairman and members of the committee, thank you for the opportunity to submit testimony in support of House Bill 2424 on behalf of the Harvey County Council of Governments. That organization includes Harvey County and the seven cities in the county: Newton, Hesston, Halstead, North Newton, Sedgwick, Burrton, and Walton.

The local governments of Harvey County support the flexibility to use property taxes to continue services and add new ones that local communities need and want.

To that end, they opposed the 2015 legislation that limits certain increases without an election. In addition to being unworkable from a timing standpoint, the 2015 legislation limits the ability to provide the services for which local governments are responsible.

If total repeal is not feasible, we support changes to the law, such as House Bill 2424.

Harvey County Manager Anthony Schwarzendruber tells me that the county expects significant growth in the employer's portion of KPERS and KP&F rates and health insurance rates in the coming years. The County's initial health insurance renewal for 2016 was 42%. To avoid that kind of an increase, the county was able to switch vendors and keep the increase to approximately 12%.

The manager expects a budget that predicts a 10% increase in health insurance rates for 2018, which will cost Harvey County about \$126 thousand in additional expense. Unless there is a significant growth in the county's valuation, it would be difficult to absorb this increase and would likely require cuts in services.

In addition, the State has already notified the county to prepare for increases in the employer's KPERS and KP&F rates in 2019.

Some will say that employees need to take on more of the cost of these benefits. The county's concern is that under the tax lid, Harvey County will have a difficult time even providing pay increases. If employees are required to also take on additional insurance costs, it will become harder and harder to maintain and recruit a talented workforce in the future.

Thomas Jefferson said, "The government closest to the people serves the people best."

The prosperity of the State of Kansas is highly dependent upon the prosperity of local communities.

Thank you for your consideration.

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