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Coffeyville, Kansas 67337-0949

Date: March 14, 2017

To: Chair Caryn Tyson and the Senate Assessment and Taxation Committee:  
From:  
Re: Written Testimony in Support of SB 167

Dear Chairman Tyson:

As you are aware, current law (KSA 79-2925c) caps cities' and counties' ability to raise property tax revenue above the "tax Lid", which is defined as the five-year rolling average of the Consumer Price Index for all urban customers, without a vote by the public to exceed the statutory limit.

I believe local government leaders to be excellent stewards of the public's money and do not arbitrarily choose to raise the mill levy. This law at best is flawed, and for the following reasons I wholeheartedly support its repeal.

First, citizens elect representatives and entrusts them to make decisions for their city or county which includes passing a budget that meets the community's needs. Removing the taxing authority from local elected officials erodes the representative democracy upon which this country was founded.

Second, the tax lid is structured around the Consumer Price Index for all urban consumers. This is not a realistic guideline, because municipal governments do not purchase the same items urban consumers purchase. The CPI for all urban consumers gauges increases in food, clothing, rent, etc. Governments purchase items such as asphalt, snow plows, police cars and healthcare which require a different metric. Rates of inflation for these items are much different than the typical consumer goods. Additionally, municipal governments cannot control certain cost drivers which have a significant impact on budgets and many times exceed the rate of inflation. This includes double-digit healthcare increases and pension costs. Additionally, the CPI used for the 2018 budget calculations is based off data collected from 2012-2016.

A third reason I support the repeal is that, Springsted, our city bond counsel has advised us that there is a real risk of our, and other municipalities, bond ratings being downgraded as a result of the tax lid. If a downgrade occurs, cities may have to spend more taxpayer money when incurring debt for large projects.

Therefore, I ask for your support of SB 167 and its repeal of the tax lid law.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kendal Francis", is written over the typed name. The signature is fluid and cursive.

Kendal Francis  
City Manager