



Written Testimony in Support of Senate Bill 167 - Full Repeal of Tax Lid

To: Honorable Chair Caryn Tyson
Senate Assessment and Taxation Committee

From: Alley Williams, Assistant to the City Administrator

Date: March 14, 2017

Thank you for the opportunity to provide comments in support of Senate Bill 167. The Prairie Village Governing Body and City staff work tirelessly to ensure tax dollars are spent efficiently and transparently. The City currently has a AAA bond rating, which highlights the fiscally sound, balanced budget that funds high-quality services for our residents. Current law (KSA 79-2925c) caps the cities' ability to raise property tax revenue up to 1.4% in their 2018 budgets, with few exemptions, without a vote by the public to exceed the statutory limit. It is estimated the tax lid will have a financial impact on the City of Prairie Village of over \$200,000, which will greatly affect our capital infrastructure and ability to provide desired city services.

Citizens in Prairie Village have elected the mayor and 12 councilmembers to make decisions for their city, including passing a budget that meets the community's needs. Removing the taxing authority from local officials, who were elected by their citizens, erodes the representative democracy that is the backbone of this great state and our country. Additionally, structuring a tax lid around the CPI for all urban consumers is not a realistic assessment. Cities purchase items such as asphalt, snow plows, police cars, personnel services and health care, which require a different metric than the items purchased by urban consumers such as food, apparel, and rent.

The timeline for an election is unworkable as well. Conducting a hearing and approving a budget before valuations are received on July 1 is impractical, unfair, and misleading to citizens who will not know how the budget affects their taxes. If an election is required, preliminary estimates show they will cost the City upwards of \$65,000. Lastly, Nonpartisan Bond Counsels are advising cities their bond ratings will likely be downgraded due to the state imposed property tax lid. If a downgrade occurs, cities may have to spend more taxpayer money when incurring debt for large projects on higher interests rates. These are some of many reasons the City of Prairie Village supports Senate Bill 167 and the full repeal of the tax lid legislation.