

March 10, 2020

Chairman Steven Johnson and House Taxation Committee Members

From: Larry Paine, City Administrator

Re: Written Testimony in Opposition to HB 2656

Chairman Johnson and Committee Members, thank you for the opportunity to testify in opposition to HB 2656 on behalf of the City of Hillsboro. I wanted to share the impact on the City of Hillsboro if this bill were to be approved.

I have been the City Administrator here in Hillsboro almost 13 years. In preparing 13 budgets, we have allocated \$150,000 of sales tax revenues toward paying debt service. Another \$150,000 is allocated to funding our capital improvement fund (CIP).

Our assessed value for CY 2020 is \$18,487,805. I don't have to tell you that if we were to lose the sales tax we allocate for debt service and CIP, the mill levy impact would be significant—16.227 mills.

As we were putting the 2020 budget together last year, we took the opportunity to refinance two of our utility bonds and use the \$1,000,000 savings to build a debt service mill levy management plan that puts us in a position to keep our mill levy from climbing over the next 5 years.

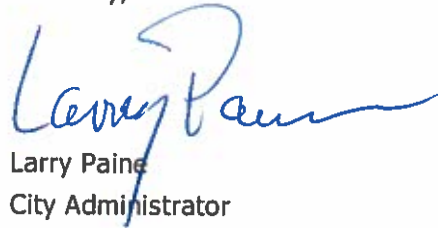
Approval of HB 2656 will put us in the position of raising the debt service mill levy in a way that we thoughtfully worked to avoid.

Hillsboro has made a number of community improvements—mostly street reconstruction—to help us become a well maintained community with little impact on the budget. We have positioned ourselves to be attractive. Action like that proposed in HB 2656 will cause a retraction of the efforts we are making. HB 2656 will cause our improvement efforts to go away and put us in the position, like most other rural communities, to deteriorate without any hope of improving ourselves.

Here in Marion County, condition of our county roads has been the source of much criticism. Loss of sales tax funds will be a significant deterrent to Marion County's ability to get farmer's products to the grain elevators as well.

I sincerely ask that HB 2656 be rejected due to the impact it will have on our ability to provide good services to our community.

Sincerely,

A handwritten signature in blue ink that reads "Larry Paine". The signature is fluid and cursive, with a large initial "L" and a long, sweeping underline.

Larry Paine  
City Administrator