



City of Fredonia

To: Chairman Johnson and House Taxation Committee Members
 From: Kelley Zellner, City Administrator
 Date: March 16, 2020
 Re: Written Testimony in Opposition to SB 294

We still have a number of concerns with this bill and are still opposed.

The sunset of the tax lid does make the bill an opportunity to return decision making to elected representatives, and we are optimistic about the elimination of the tax lid since we have seen how unworkable a one-size-fits-all tax lid is when managing the diverse level of services our cities provide to residents. We are pleased the Senate has recognized the importance of eliminating the tax lid.

The following are the issues that still need to be resolved:

We need additional transparency in the bill.

1. The bill includes the calculation of the “revenue neutral rate” which adds in valuation from new growth (new construction, annexation, and expiring abatements) and then reduces the mill levy. We strongly believe that property taxpayers need to see a breakout between new growth and valuation increases in the truth-in-taxation statements. We believe additional transparency is critical.

2019	
Total City Property Taxes	\$1,000,000
	\$30,000,00
Valuation	0
Home Valuation	\$100,000
Mill Levy	33.30
Property Tax	\$382.95

2020 Under SB 294	
Total City Property Taxes	\$1,000,000
	\$30,000,00
2019 Valuation	0
New Growth	\$1,200,000
Valuation Increase	\$1,200,000
	\$32,400,00
2020 Valuation	0
2019 Home Valuation	\$100,000
4% Valuation Increase	\$104,000
Revenue Neutral Rate	30.864
Property Tax	\$354.94

2. The truth-in-taxation statements need to include information on all taxing jurisdictions. It is imperative that that a taxpayer doesn't get a statement showing taxes will go up \$30 to \$750 for their city taxes, and then get their tax bill in November and find their tax bill is \$3,500 and went up \$150 because of school district and state increases.
3. The bill still calls for a refund of tax payments if \$.01 is received over the amount of the "revenue neutral rate." This section would result in cities having to deal with a messy process where taxpayers receive checks for \$.17 that cost over \$1 to process and mail out. The bill needs to be amended to provide for the funds to be escrowed and returned as a credit on the next year's tax statement.
4. Cities need to be able to continue to set the property tax levy in terms of dollars and not mills. There is significant variation in mills between the June 15 preliminary valuation number and the certified valuation on October 1, and cities cannot predict that variation as properties work through the tax appeal process. Cities also need additional time to send the County Clerk notice.
5. The August 1st date has been the traditional target date, and should be the date information is due to the clerk under this bill.
6. There needs to be guard rails established for costs that the county clerk can bill back to taxing entities. In addition, if the county is having a truth-in-taxation hearing then the county should be liable for the costs, since every parcel owner will receive a statement.
7. The bill requires governing bodies to vote at the same meeting as the truth-in-taxation hearing. We believe that this is bad government and will not allow for time to research and review comments from the truth-in-taxation hearing. The bill needs to be amended to allow a governing body to set a future date at the truth-in-taxation hearing to adopt the tax levy.

The bill also needs to be modified to change the dates for the budget hearings. Currently, you would still have to follow the August deadlines for budget adoption and then have the truth-in-taxation hearing in September.