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February 5, 2020

Honorable Kansas State Senator Caryn Tyson
Chair, Senate Assessment and Taxation Committee and Distinguished Members of the Committee

RE: Senate Bill 294, Concerning Property Taxation; Relating to Tax Rates; Truth in Taxation, etc.

Chr. Tyson and Distinguished Committee Members,

Thank you for allowing me to offer testimony on Senate Bill 294. Franklin County believes in transparency to our citizens regarding the budget process, although this bill, in its current form, does not improve the budget process or transparency in taxation. Below I have provided some examples and changes that should be made to the current form of SB294.

Franklin County is a growing county both in business development and housing developments. Local governments use the increase in property values on new developments to fund infrastructure and additional services necessary with new development, such as water and sewer lines, streets and law enforcement services. This bill, in its current state, does not allow taxing entities to recoup the costs to provide these services from the increased tax value. This additional tax revenue generated from the new improvements would not increase taxes on existing properties but spread the current level taxes over the new improvements. Other states with a Truth in Taxation law allow for increased tax revenue from new construction.

Franklin County works hard to find efficiencies in our budget. We use the efficiencies to continue funding our pay plan for employees. As I'm sure the members of this committee understand, our employees are our most important expense in the county budget. This bill does not allow for any employee expenditures that are out of the county's control. Any increase in KPERS or health insurance cannot be absorbed without an increase to tax dollars if the county plans to continue giving the employees regular pay increases as stated in our pay plan to stay competitive in the market. Counties must be able to increase budgets for state and federal mandates that are out of the county's control not to mention rising costs of goods and services used by the county due to inflation.

Franklin County complies with the existing tax laws including the tax lid legislation and all other publications in regards to the budget. I believe the current budget publication does not provide transparency. Citizens need to read a budget publication in plain language. It is not clear to citizens that the term Ad Valorem tax means the taxes that will be assessed on the property an individual owns in the county. Truth in taxation can occur by changing the existing publication requirements to a simplified publication with plain text that is easy for taxpayers to understand. Additionally, truth in taxation will not come from an expensive budget notice mailed to every tax payer. The notice would cost Franklin County over \$7,000 in postage costs alone not considering computer programming and printing costs to generate the notices. The information for the notices would need to come from multiple systems and would be difficult to compile. The expenses for the notices would be passed on to the tax payers further increasing the amount necessary to fund the budget.

Franklin County must fund its budget with tax dollars levied on property in the county and service revenue off services offered like transfer station and ambulance. According to the fiscal note attached to this bill, the cost incurred by the State to meet the requirements of this bill will be passed on to the taxing entities within the state. Franklin County has 47 taxing entities that will each pay \$30 to the state to help fund the state's portion. Why is the county and other local taxing entities held responsible for their own budgets, but the expenses of the State are

pushed down to the county taxing entities? Taxing entities cannot be expected to freeze their tax collections if they are asked to fund services at the state level out of local budgets.

Finally, Franklin County actively works toward smarter government. This is demonstrated by the county combining positions where it makes sense and only adding positions when they are absolutely needed. Franklin County has lowered staffing by five FTEs in the last three years while maintaining the same level of service. We believe all levels of government should be held to the same standard. If it is determined that this bill is the best fit for Kansas, include the repeal of the current tax lid in the language of this bill so local governments truly have local control. Local elected officials will answer directly to their citizens through the budget process and won't have to work through multiple layers of state legislation.

Thank you for your consideration of these concerns and proposed amendments to address each concern. Franklin County truly believes that government closest to the people is best, and transparency is key to good representation. The citizens of Kansas truly deserve the best.

Colton Waymire
Franklin County Commission Chair

Derek Brown
Franklin County Administrator

Janet Paddock
Franklin County Clerk