



Date: February 5, 2020
To: Senate Committee on Assessment and Taxation
From: Jason Hannaman, Councilmember, City of Westwood
Re: SB 294 – Written Opponent Testimony

Thank you, Chairwoman and Committee, for allowing me to submit testimony on SB 294. The City is currently opposed to this legislation because it is a fundamentally flawed bill.

Last December, the Tax Foundation recommended that Kansas repeal the tax lid and adopt the Utah model of Truth-in-Taxation. However, SB 294 is not the Utah model. The Utah model allows for new growth to be captured, and unlike the recommendation from the Tax Foundation, the bill doesn't repeal the tax lid.

SB 294 is flawed for the following reasons:

It adds further administrative burden, increasing the necessity of taxpayer-funded staffing costs, and directing existing staff's time away from direct provision of services towards compliance with an ever more burdensome regulatory state. I ask the state to focus on reducing red tape, not add to it.

It will be costly on a relative basis for small cities – it is easy to see scenarios where a projected increase in ad valorem revenue is offset by the administrative cost of compliance with SB 294.

It could also lead to scenarios like those seen in Utah, where property tax revenue is constrained politically and administratively, and services and infrastructure must “make do” for as long as possible until they can no longer do so. Then, rather than small nominal increases each year, taxpayers are hit with a one-time significant increase. Often the taxpayers who benefitted from artificially depressed tax rates have moved on, leaving the next generation stuck paying the bills for the deferred maintenance that was accrued.

Although property taxes are often complained about, they are the most transparent form of taxation in Kansas. The fact that this tax is so transparent is already a motivator for local governments to control their property taxes. Adding additional restrictions or carve-outs for certain groups to pay different amounts leads to a system that is less transparent, not more.

Every city in the state has a different tax and economic base, and part of the job of a local elected official is to make choices based on their community's unique strengths to maximize its attractiveness for families and competitiveness for businesses. A one-size-fits-all approach at the state level interferes with the ability to respond to those unique local conditions and treats Westwood the same way it treats Wichita.

Voters elect local representatives to make tough budgetary decisions to balance the services they desire with the revenue needed to pay for it. Nobody knows each subdivision's budget as intimately as the governing body does. The amount of ad valorem collected last year has no

bearing on price of utilities next year, the cost of retaining competent employees, or the amount of infrastructure in need of repair. Every taxing subdivision is already required to have a public hearing on its budget – setting the certified tax rate at what was collected last year prepares residents to expect next year’s services at last year’s costs.

As most Kansas cities are cities of the third class, the governing body is not made up of “bureaucrats,” it’s made up of your neighbors, who are trying to do as much as possible with as little as possible. We already have excellent feedback mechanisms – both on the street, and at the ballot box.

SB 294 would add unnecessary administrative burden, increase compliance cost, and ignore the differences between the economies of different parts of the state. For these reasons and those listed above, I ask that Committee not to pass SB 294 out of committee. Thank you for your consideration.