



February 3, 2020

Sen. Caren Tyson, Chair  
 Assessment and Taxation Committee  
 Kansas State Senate  
 300 W 10th  
 Topeka, KS 66612

Sen Tyson and committee members

I am writing to express opposition to SB 294 that will be heard by your committee February 5, 2020.

I have served Kansas for 22 years as a city manager/city administrator in Baldwin City, Concordia and Hillsboro. During that time, I have seen our legislature being very critical of municipal spending. The assertion of the legislature is that we are unwise in our budgeting process and local city councils cannot be trusted to act in the best interest of their citizens.

During my tenure in Kansas, the State of Kansas budgeting process took away funding authorized by statute and expected those local governments to retract their spending. Local city councils responded to the reduction in state funds in a number of ways—including raising property taxes. City councils made the hard decisions that included keeping or not keeping public safety personnel. When those decisions are made, the councils plainly say this is the reason for taxes to increase. When the taxes go up, the legislature criticizes the action. This is a prophecy that never ends.

I want to show you a spreadsheet relating to the budget and mill levy for the city of Hillsboro for the past 10 years.

	Total	General	Water	Electricity	Sewer	Refuse
2020	9,177,847	2,543,801	1,226,907	3,193,628	600,687	286,298
2019	9,513,319	2,436,970	806,496	2,879,112	472,486	662,217
2018	9,219,245	2,261,071	890,821	2,948,002	593,947	323,224
2017	9,355,983	2,516,605	781,496	2,938,590	634,372	227,119
2016	9,657,555	2,145,142	699,341	2,780,503	600,168	210,431
2015	9,479,352	2,140,972	916,462	2,640,238	466,520	227,793
2014	9,274,363	2,190,289	857,774	2,830,978	550,853	206,402
2013	9,473,519	2,078,129	909,174	2,566,537	574,238	200,278
2012	8,841,921	1,952,975	863,503	2,708,983	561,503	192,119
2011	12,127,535	1,976,559	889,854	2,597,180	549,390	185,152

You can see the City of Hillsboro has been very responsible in keeping our budgets in a very tight range. Let me point out a few areas where we have expended larger amounts. As you will see, it makes sense. Let me also point out that those increased expenditures were part of a public process where we communicated the need for those additional expenditures.

- The 2020 Water Utility budget show us paying for replacement of waterlines that have been subject to many line breaks. We held meetings with our neighborhoods to explain the need for replacement. One stretch of line had over 100 main repairs. The pipe was installed in the 1950's and had outlived its usefulness. We paid off an earlier bond issue and are using the debt service funds to rebuild cash reserves and importantly pay the new KDHE Revolving Loan Fund payments.
- The 2019 Sanitation expenditure represents the replacement of a truck that cut our manpower requirement from 2 people to one. The reduction increased our safety procedures by using a mechanical process to lift and dump waste. In addition, we met a community objective by initiating curb-side recycling. We were able to pay for 75% of the new costs with available cash. Very wise use of our financing options.
- In 2011, we built a new wastewater treatment plant using USDA-Rural Development funding. We have been able to reduce the normal 40 year repayment schedule with one that reduces the schedule to 22 years. Adding \$10.00 per month to the utility bill allows us to reduce the principal leading to an early pay off.

One thing these budgets have done that is negative to our community's financial health is that we have used cash reserves to keep budgets down. In the long run, this is a very negative thing since it reduces our ability to react to various emergencies.

The enactment of SB294 will put city councils in a very defensive position where they will be afraid to make the choices needed to protect their financial health. City Councils need the ability to make these decisions openly and fairly. My experience the past 22 years is that councils make decisions about property tax increased very carefully. They are all interested in the property tax impact on the community. Making changes is done very carefully and thoughtfully.

This legislation is not needed.

Sincerely,



Larry Paine

City Administrator