

To: Honorary Chairman and committee Members:

My name is Nicholas M Payne. I live in Olathe, KS in the Cedar Creek subdivision; My address is: 26418 West 109th Terrace.

I am one of several people that worked this past year to defeat a proposed benefit district in Olathe. My group then lobbied the Olathe City Council to modify some of their local policies regarding benefit districts. We were successfully able to get them to do this, but I fear they will revisit their decision and water down or eliminate these polices which would be detrimental to property owners. Unfortunately, the Olathe council did not go far enough to protect homeowners from this tax burden which I call the Triple Tax. Triple Tax meaning: Property tax, Sales Tax and Benefit District Tax or assessments as they are commonly known. Together they create a tax burden that annually could be higher than the taxes paid by a citizen in California. That is just not right nor is it smart for the state to allow such a burden to be placed on families.

I understand HB 2518 will be discussed and debated this upcoming Wednesday. In summary I understand the bill will be "eliminating the ability of property owners of one-half or more of an area proposed to be in an improvement district to petition to form such district and requires disclosure in real estate contracts of any special assessments due". This means stricter rules on developers as well as forcing them to disclose within the real estate contracts. Failure to adhere to the disclosure statement "shall render the contract voidable by the buyer"

I SUPPORT THIS BILL AND THIS NEW LANGUAGE CONTAINED IN IT.

However, I think the bill DID NOT GO FAR ENOUGH. I BELIEVE the bill should have an amendment stating all benefit districts for road improvements in Kansas will be eliminated. Kansas already has one of the highest tax burdens in the country. Assessments for roads only increases this tax burden and instead I believe all cities and counties in the state should find alternative tax revenue to offset these expenses. Furthermore, developers should be required to help pay for these roads and the cost should be built into the price for the lots he/she sells.

Here is an illustration of how Benefit Districts work in Olathe

Developers have used RBDs to tax homeowners for roads and other infrastructure to build new subdivisions and surrounding roads. In most cities in Johnson County Kansas the cost for this is born by the developer, and the lots he/she sells cover the expenses with the price of the lot.

Most Cities tell developers "You build it and you pay for it". They don't expect the local citizens to be taxed for 20 years to contribute to the developer's expense. In Olathe, developers receive City Council support which allows developers to enrich themselves by taxing homeowners to pay for an item(s) the developer should have paid for when the lot was sold.

Homeowners already pay sales and property tax. To be required to pay an additional tax not voted on by the citizens that live in the benefit district is taxation without representation. It is also a triple tax! Special assessments can range on average from \$10,000 to \$50,000.

The use of benefit districts in Olathe is what I would consider to be Olathe's unknown third tax as many people moving to Olathe are unaware of this SPECIAL TAX and policy, a policy that not only enables but encourages the practice.

This type of taxation is unfair, unjust, uncalled for and nonsense. It hurts the resale values of homes which receive 20-year tax assessments. I ask this question? Why would anyone in their right mind want to move to Olathe if they are going to be assessed a RESIDENTIAL BENEFIT DISTRICT TAX AKA a SPECIAL ASSESSMENT

I stand in opposition to any new Residential Benefit Districts for road improvements being initiated in Kansas. These are my reasons:

1. I believe developers should pay the entire cost for roads, sewers, utilities, or other infrastructure in building new home. . No tax subsidies, including monies from benefit districts, should be utilized to offset these costs.

2. When benefit districts are utilized under current Kansas law, homeowners suffer by having to pay extra taxes on top of what they already pay, which includes City Sales Tax and Property Tax. I consider this a Triple tax and it is unfair.

3. Benefit districts harm the resale value of a home. When a home is attached a 20-year tax assessment the property is more difficult to sell.

4. A benefit district is the redistribution of wealth from the middle class to multi-millionaire developers; it is Trickle Up economics and the worst tax and economics policy possible.

5 The City of Olathe has repeatedly poorly communicated with new subdivisions, or subdivisions close to where new roads and sewers are to be built, that may be in a proposed Benefit District Area. All Cities or

municipalities that have passed a benefit district zone in Kansas must have proper signage posted in multiple areas near the district zone.

6. The process of creating benefit districts in Kansas is flawed. The law does not mandate for participation by homeowners with city staff, particularly while the same city staff is meeting with developers hashing out the details of a benefit district.

7. The system which currently allows benefit districts to be initiated by a single majority landowner is not fair. Rather, the benefit district should only occur when a majority of homeowners are confident it is in their best interest to proceed with one.

8. Many local cities and jurisdictions in Johnson County no longer utilize benefit districts because their local citizens have an aversion to them. This aversion is felt everywhere they are used in Kansas.

Please consider the amendment I suggested which is to eliminate entirely Residential Benefit Districts in Kansas for Road improvement.

Sincerely,

Nicholas M Payne