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Date: January 26, 2021
To: Chairman Smith and the House Committee on Taxation
From: City of Overland Park
Re: SB 13 – Neutral with concerns

My name is Michael Koss and I am an attorney for the City of Overland Park. Thank you for allowing the City of Overland Park (the “City”) to submit testimony on SB 13. The City supports transparency at all levels of government but has concerns about this bill because it requires municipalities to incur a burdensome administrative process, provides information that may be confusing to taxpayers, disrupts existing budget timelines, has an unrealistic implementation date, and will create unnecessary costs for taxpayers.

The current legislation would provide taxpayers information that may be more confusing to taxpayers. For example, the calculation of the “revenue neutral rate” adds in valuation from new growth (new construction, annexation, and expiring abatements) and then shows the reduced mill levy resulting from the “revenue neutral rate.” Additional information is necessary so property taxpayers can see a breakout between new growth and valuation increases in the truth-in-taxation statements. Additionally, the truth-in-taxation statements need to include information on all taxing jurisdictions regardless of their rate increase so a taxpayer does not receive a statement showing taxes will go up \$30 for their City taxes, and then get their tax bill in November and find their tax bill went up \$150 because of increases from other taxing jurisdictions including county government, school districts, and state government.

The timelines within SB 13 do not work with the existing budget adoption timelines. The bill needs to be modified to change the dates for the budget hearings because cities would still have to follow the August deadlines for budget adoption and then have the truth-in-taxation hearing in September. Furthermore, the implementation date of January 1, 2021 does not provide sufficient time for cities to create the necessary processes and budget for the additional costs in this new procedure. If the bill is to be passed we would recommend that the effective date be January 1, 2022.

Additionally, requiring taxpayers to pay for additional notice as a result of factors the City has no control over (i.e. appraised values), when the City already holds several public hearings on the budget creates new expenditures on already limited public resources and advances no compelling interest. That process is also objectionable because it would even be required where the certified tax rate increase is less than the CPI increase or the result of normal growth, which are normal budgetary changes most taxpayers would not expect additional notice about (or expect to pay the cost of the notice for). Finally, the process is duplicative because the county is also required to conduct a truth-in-taxation hearing then both the city and the county will incur additional costs to be paid for by property owners.

SB 13 will potentially create artificial constraints on needed revenue growth which could eventually result in a decline in the safety and quality of life in Overland Park. Overland Park residents, in city-wide community surveys, have repeatedly indicated the level of taxation by the City is appropriate. In a recent citizen survey, over 70% of respondents indicated they were satisfied with the value received for City tax dollars, while 94% are satisfied with the quality of life within the City and 98% are satisfied with

Overland Park as a place to live.

Finally, there are existing laws that allow residents and businesses to appeal appraised property values if property owners feel that appraised values are not reflective of market valuations.

Thank you for allowing the City to submit testimony expressing our concerns with the proposed SB 13.