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To: Senate Assessment and Taxation Committee
From: Allen J. Dinkel, City Manager, City of Junction City

Re: Testimony in Opposition to SB 23

Madam Chair Tyson and Committee Members, thank-you for the opportunity to provide written testimony in opposition to SB 23 on behalf of the City of Junction City.

My view of this bill is primarily based on a past experience when I served as City Manager in Hoisington, KS. On April 21, 2001, Hoisington was struck by a devastating tornado that impacted about one-fourth of the community. Nearly 200 homes and business, including the one owned by my family, were destroyed. Yes, we heard the complaints of property owners that they had to pay the second half of the 2000 taxes and then the 2001 taxes based on the value of their buildings on January 1 of that year. Not only did we have to deal with this issue, but there were also concerns of drop in valuation in the subsequent years. We knew expenses because of the tornado would be a toll on the City finances. Yes, the City received FEMA and KDEM funds, but there was still ten percent of costs to be paid by the City and costs that were not covered by FEMA funds. The City needed the property tax income from the 2001 taxes to cover expenses and to be able to operate the City.

The following year, the assessed valuation of Hoisington as of January 1, 2002 decreased by about 18 percent. If the city would not have had the benefit of the 2001 property taxes, there would have been extreme financial struggle as revenue would have decreased dramatically. In a City of 3,000 population how do you cut a Police Department of 7 officers including the Police Chief or EMS or Fire Department services?

In addition, the City Hoisington had a major decrease in revenue shortly after the tornado in the electric, water, and wastewater funds. Fortunately, the City had strong cash reserves in the utility accounts that could be transferred to the General fund, but then we had to replenish those funds.

Nearly all of the structures that were destroyed were insured and the property owners could move forward, and the property taxes did not become a financial burden. Simply the property owners were paying property taxes to the City that provides Streets, parks, Police, Fire, and EMS services. Those that lost their home or business needed City services as they rebuilt and even to protect their property in the period after the tornado. The few structures that were not insured were generally of low value.

I personally understand the loss of a home in a disaster, but also understand the need as a property owner to contribute for the services I receive from the City.

Based on this testimony, the City of Junction City requests you not to pass out SB 23.