

May 9, 2017



Shane Krull
County Administrator

Rep. Steven Johnson, Chairman
Taxation Committee
Room 185-N
State Capitol
300 SW 10th Street
Topeka, KS 66612

RE: Written Testimony in Support of HB 2424

Rep. Steven Johnson and Committee Members:

Miami County, Kansas supports passage of House Bill 2424 to address the pending financial struggles imposed by the tax lid. Local government budgets are comprised of many elements, such as labor expenses, commodities, contractual services, and numerous other expenses to address the citizens' needs.

Miami County, Kansas is largely a service organization and incurs significant expense to employ nearly 250 employees. The cost of labor is the largest expense facing the organization. Health insurance cost rose 10 percent for the upcoming year. The increase results in the need for another \$180,000 in fiscal year 2018 compared to the current year, which now totals \$1,800,000. Workers' Compensation insurance increased \$60,000 for the current year and now totals \$260,000. KPERS and KP&F represent roughly 10 percent and 21 percent of payroll, respectfully. Retirement costs fluctuate significantly from year to year depending on the State's actuarial study. A one percent change in said rates equates to approximately \$100,000 budget increase.

Employment costs are a large expense for Miami County, Kansas to incur each year. Many of the elements are outside of local control, i.e. health care, workers' compensation, unemployment, and retirement expenses and mandated by other levels of government. The 1.4 percent inflation increase (\$127,000) allowed in the 2018 budget based on consumer price index measurement does not adequately reflect the narrow and expensive scope of services purchased by local governments.

I ask for your support in passing HB 2424 to exempt select employment expenses from the tax lid.

Sincerely,

A handwritten signature in blue ink that reads "Shane Krull".

Shane Krull
County Administrator