



# CITY OF TOPEKA

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The Honorable Steven Johnson  
And Members of the House Taxation Committee

Re: HB 2424 - An Act relating to the property tax lid; exception for certain employee benefits

Dear Chairman and Members of the Committee:

On behalf of the City of Topeka, we would respectfully offer the following comments in support of HB 2424 and ask this committee for its favorable consideration:

The U.S. Bureau of Labor and Statistics' latest report shows that the Consumer Price Index for All Urban Consumers in the Midwest rose 1.9 percent from March 2016 to March 2017 while the energy index was up 9.9 percent. The cost for medical care at 4.6 percent had the largest upward impact on the index. Between the years of 2016 and 2017, the City of Topeka saw an increase in health care costs of roughly eighteen percent and will jump another fifteen percent between 2017 and 2018. In an effort to combat the disparity between costs and income, Topeka has taken actions to alleviate the increasing health benefit costs such as implementing an on-site wellness clinic and a wellness incentivized plan.

Costs to maintain and improve cities such as Topeka increase much faster than the Consumer Price Index and without the ability to modify or increase income, cities are forced to pay more for services. Oftentimes cities and counties have no control over these costs and are required to make prescribed payments. An exception to the tax lid law would be consistent with existing exemptions and an appropriate amendment to the Act.

Included with our comments is a graph that highlights the increases in these costs experienced by the City of Topeka.

Chart for Testimony 5-9-2017				
City of Topeka Personnel Expense ( <i>General Fund Only</i> )	2017 Adopted Budget	2018 Projected Increase	Difference	% Growth
Health Insurance	\$ 5,988,194	\$ 6,886,423	\$ 898,229	15.00%
KP&F	\$ 6,998,324	\$ 7,248,164	\$ 249,840	3.57%
Social Security	\$ 821,861	\$ 846,517	\$ 24,656	3.00%
KPERS	\$ 1,332,291	\$ 1,372,259	\$ 39,969	3.00%
Worker's Compensation	\$ 1,574,335	\$ 1,621,565	\$ 47,230	3.00%
Medicare	\$ 710,355	\$ 731,666	\$ 21,311	3.00%
<b>Total</b>	<b>\$ 17,425,360</b>	<b>\$ 18,706,595</b>	<b>\$ 1,281,235</b>	<b>7.35%</b>

In closing, we would ask the committee for its favorable consideration of HB2424.