



ABOVE AND BEYOND. BY DESIGN.

City Hall
8500 Santa Fe Drive
Overland Park, Kansas 66212
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Date: May 9, 2017
To: Chairman Steven Johnson and the House Taxation Committee Members
From: City of Overland Park
Re: Written Testimony in Support of HB 2424

Thank you for allowing the City of Overland Park to submit testimony in support of HB 2424. The current property tax lid law does not exempt costs to recruit, support, and retain public service employees. These expenses were rightfully exempted from the pre-1999 tax lid because cities have little to no control over them and many are required by federal or state law. For these reasons, we support passage of this proposed legislation.

The Consumer Price Index (CPI) is a measure of the inflationary costs of specific commodities that may or may not impact local government. Many of the employees and public services we provide are different from the private sector and therefore do not correlate at all with CPI.

The current property tax lid law and its CPI threshold provision do not accommodate the increasing costs of retaining public service employees. For example, the City is anticipating a 9.5% increase in health care costs for the 2018 budget (8.1% above the current CPI threshold). These increases are especially burdensome because state law requires that cities providing employer-sponsored group health care to its employees (e.g. Overland Park) also provide those benefits to its retirees.¹

Additionally, from fiscal year 2018 to 2019, the KPERS local employer contribution rate is expected to increase from 8.39% to 9.07%, and the KP&F local employer rate is set to increase from 20.09% to 22.02%,² increases of 8.1% and 9.6% respectively (or 6.7% and 8.2% above the current CPI threshold). This is another example of an unfunded state mandate that is not exempt from the tax lid.

We fully understand the legislative intent of the property tax lid, and the City has demonstrated excellent public stewardship of property taxes over the past decades.

Thank you for allowing the City to testify in support of this critically important legislation. We respectfully request that the Committee advance this legislation to the full House for approval.

¹ K.S.A. 12-5040

² <https://www.kpers.org/employers/contributionrates.htm>