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**To: Chairman Steven Johnson and House Taxation Committee**  
**From: Jason A. Gage, City Manager - City of Salina**  
**Date: May 8, 2017**  
**Re: HB 2424 Written Testimony – IN SUPPORT**

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### **Request**

Thank you for the opportunity to provide testimony regarding HB 2424. As you know, the bill would amend K.S.A 79-2925c (“tax lid”) by exempting employee benefits from the municipal government property tax lid. The City of Salina is very appreciative of your time to consider this written testimony and respectfully requests that you **support** the passage of HB 2424.

### **Reasons for Our Support**

We believe this bill is good for Salina and other Kansas communities for the following reasons.

- The current tax lid is disproportionately applied to Kansas governmental units, is partially flawed in its structure and eliminates decision-making from locally elected officials.
- A reasonable employee benefits program is necessary to ensure a highly competent and professional workforce.
- It is not uncommon for a city to experience a healthcare cost increase ranging from 5 percent to 10 percent annually, even though the remainder of our budget may increase from 1 percent to 3 percent. Just responding to a nationwide average premium increase can affect the City of Salina’s budget by over ½ percent, even with taking reasonable measures to adjust benefits and apply cost reduction measures. To put it into perspective, this cost for the City of Salina can range from \$300,000 to \$600,000 annually, even if we experience a “healthy” year. Annual health premium rates are obviously a big operational cost burden.
- HB 2424 provides a reasonable exemption to health care and other employee benefits, with costs rates that are somewhat out of a municipality’s control.

### **Requested Action**

We truly believe that HB 2424 is a reasonable approach to somewhat easing the burden of certain uncontrollable costs. As a result, we respectfully request that you support HB 2424.

Thank you for considering our legislative request!