

To: House Tax Committee
From: Mark Detter, City Administrator, Andover
Re: Support HB 2345
Date: March 6, 2019

The City of Andover supports HB 2345 allowing the Cities to draw from previous cap room under the tax lid. The City of Andover has forgone nearly \$1.4 million dollars in property tax revenue and nearly 10 mills in property tax increases allowed under current state law in terms of the tax lid impacting cities and counties.

The tax lid formula accounts for new growth in cities and exempts such growth from the tax lid. The need for further expenditures by a City from growth is not simultaneous with new growth. Needed expenditures for emergency services, streets and parks is realized over a multi-year period. The Andover City Council does not want to tax its citizens on new growth without gaining an understanding of the costs of the growth.

Allowing cities to wait to raise taxes (if necessary) after evaluating new growth would seem prudent. Expenditures in a municipality are not created in a single year, but over the continuous life of the City. The tax lid should recognize yearly growth in aggregate not just based on the needs of individual budget year. Such a method for applying the tax lid recognizes a municipalities long term needs.

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