

Cheney

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To: Senate Committee on Assessment and Taxation

From: Danielle Young, Cheney City Administrator/Clerk

Subject: Testimony against SB 294

Date: January 31, 2020

The City of Cheney is in opposition of SB 294 concerning property taxation; relating to tax rates; truth in taxation; establishing notice and public hearing requirements prior to approval to exceed certified tax rate.

SB 294 has several flaws that raises concerns for municipalities across the state. While the State of Kansas pushes for economic business growth, it's also punishing local governments from being able to fund the growing list of services the labor force residing within our communities is looking for. Instead we are required to continue operating at the same amount of property tax dollars and deal with rising employee benefits, aging infrastructure, and the increasing needs from our citizens.

Municipalities in Kansas want to help the State of Kansas grow and prosper, but when we are forced to continue operating a stagnant budget, cities will eventually have to start cutting services just to fund our employee's wages and benefits. We're also faced with fighting again a growing opioid crisis, creating wellness opportunities to fight obesity, and providing senior services to the baby boomers, the fastest growing age category in the United States that will reach 73 million in 2020. But all of these issues, plus more will be extremely difficult to fund because SB 294 does not allow an exemption for cities to account for new growth. In return, citizens will begin to look for new opportunity outside the State of Kansas. Our city is eagerly working with developers to open two new housing developments, but under SB 294, we would not be able to use the increase in assessed valuations from the new housing construction to fund the services required to accommodate the growth in our city's population; therefore police officers, parks, fire departments, court services, libraries and senior services will have additional demands placed on them, but no additional sources of funding to meet the demand.

Unfortunately, health care costs for employees continue to increase 10-25% annually for cities and as an employer we should not have to choose between paying for our employee's health insurance or hiring that needed police officer because our State has placed a limit on our expenditures. SB 294 is flawed because it does not allow for an exemption to increase services for public safety, including law enforcement, fire and EMS. So, as our populations increase, we will not be able to hire additional police officers or fire fighters or set aside funds to purchase new equipment.

Currently, our city's infrastructure consists of a 1950's swimming pool, 1970's fire station that our fleet barely fits in because trucks continue to be manufactured larger, a 80+ year old senior center building that needs updating with foundation issues, and a blown engine on a fire tanker that needs replaced, but a used pumper tanker is over \$200,000. As our City continues to apply for grants to help fund these projects, our small town with a population of 2,100 residents in Sedgwick County is continually denied

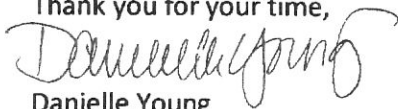
because we lie within the urban area of Sedgwick County. So each year we transfer what we can from our budgets into our reserve funds so several years from now we'll finally have a large enough sum of money to complete these projects. We fear that SB 294 will cut into these transfers to fund much needed capital improvements and equipment purchases as we will be forced to use these funds to help pay for rising fixed operating costs or refund these amounts back to the taxpayers.

Our City operates a fiscally sound budget. We, like all other cities, abide by the budget law and publicly publish our budget and hold a public hearing. SB 294 would require us to mail out expensive notices that will cost our City even more money. It also would require us to compete with 89 other taxing entities in Sedgwick County for a date and time to hold this hearing.

I urge you to look further into the consequences the state of Utah saw after living under a Truth-in-Taxation statute. Some Utah cities tapped into their city's savings and when they finally had to courage to hold a Truth in Taxation hearing, residents were hit with a 114.9 percent increase just so the City could catch up with inflation and increase the police officer's pay to try and reduce turnover. Residents in Utah responded to the large property increases by saying that they had wished the increases had been smaller increments over time. Under SB 294, incremental increases would not be allowed.

I hope that this letter helps you understand the hardship this bill would create on cities. I encourage members of the Kansas House and Senate to reach out to our communities and ask what effect this bill would have the municipalities and other tax districts they represent. I would be more than happy to discuss this bill over the phone and can be reached at 316-542-3622.

Thank you for your time,

A handwritten signature in cursive script, appearing to read "Danielle Young".

Danielle Young
City Administrator/Clerk
City of Cheney, Kansas