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DATE: February 5, 2020

TO: Senate Committee on Assessment and Taxation

FROM: Mayor Stan Luke, Burlington, Kansas

RE: SB 294 – Written Testimony

Thank you, Chairwoman and Committee, for allowing me to submit testimony on SB 294. The City is currently opposed to this legislation because it is fundamentally flawed.

Last December, the Tax Foundation recommended that Kansas repeal the tax lid and adopt the Utah model of Truth-in-Taxation. However, SB 294 is far from the Utah model. The Utah model allows for new growth to be captured, and unlike the recommendations from the Tax Foundation the bill does not repeal the tax lid.

The City is against SB 294 for several critical reasons:

1. Physical and economic growth within small communities is crucial to our existence. Without our ability to include growth within our property tax base we will be required to either reduce our ability to provide critical services to the residents or raise our mill levy which defeats the entire purpose of SB 294.

As growth in infrastructure requires an increase in roadways, more water and wastewater lines, expanded electric systems, as well as the expansion of drug and alcohol issues, maintaining public safety is becoming extremely difficult. Within the next couple of years, we will need to have over \$200,000 of new computer and communication equipment to be able to access the KBI and FBI data base due to required changes which will require a reduction in other services without the ability to utilize growth revenue.

We hold budget hearings each year and the public can question every line item of the budget and where the funds will come from. We are also required to maintain a balanced nonprofit budget and cannot transfer funds from one-line item to another once the budget is approved. Each property taxpayer can annually request a hearing to express their concerns and seek changes in the appraisal. I believe the checks and balances are in place to address the issue of property taxes.

2. It appears SB 294 does not properly address the future and severely hampers local government in their efforts to maintain economic viability. When the CPI increases, the federal and state laws change for law enforcement, fire and EMS, medical insurance skyrockets, tax abatements expire, and the current tax lid still exists there is nowhere for local government to go except toward bankruptcy.
3. I also have a concern for the additional staffing and time that will be needed to “grade the taxing entities math”, as well-established computer programs work quite well and exist in each entity. As for TNT hearings, if they are to take place and can only be done one at a time then there could be quite a backlog if the “math grades” are not high enough for the Division of Administration, and the taxing year could be almost over before possible resolution.
4. If you use a model for establishing a Senate Bill, use the model not some version which fits your beliefs. Find out how it has worked and make sure it does what it was intended to do as from what I have found the Utah bill has created just the opposite of what it was intended – higher taxes.
5. I do not know what the overall benefit might be but if the excess tax revenue does not exceed the cost of processing the refund you have accomplished nothing but increasing local governments cost of doing business.

For these reasons, I ask that Committee NOT pass SB 294 out of committee.
Thank you for your consideration of this request.