



Jim Howell
Commissioner – Fifth District
Board of County Commissioners
Sedgwick County, Kansas

Date: January 25, 2021

To: Chair Smith, House Committee on Taxation

Re: SB 13; Establishing notice and public hearing requirements prior to approval by a governing body to exceed its revenue neutral rate for property tax purposes and discontinuing the city and county tax lid, prohibiting valuation increase of real property solely as the result of normal repair, replacement or maintenance of existing structure and establishing a payment plan for the payment of delinquent or nondelinquent property taxes.

From: James M. Howell, Sedgwick County Commissioner, District 5

Chair Smith and members of the committee, I am testifying today as a proponent of SB 13 on behalf of the Sedgwick County Board of County Commissioners. Sedgwick County is a proponent of this bill, but we respectfully ask for some amendments to improve the functionality of the bill.

Sedgwick County is supportive of the transparency and accountability requirements in SB 13. We want to inform our taxpayers and give them the opportunity to understand and influence the budget and tax process. We agree that taxpayers have a right to understand their taxes and know when increases in revenue to any taxing jurisdiction are being considered. We also believe the taxpayer has a right to engage their elected officials before the increase is adopted and those elected officials should be required to make a recorded vote whenever the increase is adopted. We understand and even embrace the basis of this bill.

Nevertheless, as written, this bill presents operational challenges. As a result, the Sedgwick County Board of County Commissioners respectfully requests you to consider for the following amendments to the bill:

1. **Make this law effective January 1, 2022 (for the 2023 budget).** All Kansas local units of government use the calendar year for their fiscal calendar. Sedgwick County's 2021 budget was set last August. Compliance with this bill would require Sedgwick County to implement substantial software changes to calendar and certify the revenue neutral rate for each tax district as part of the valuation process. The current effective date of this bill would provide our County Clerk a very small turnaround time to complete these processes. This would present a significant obstacle to an effective rollout of this bill. Again, Sedgwick County supports this bill but we must have time to implement the changes.

2. **Do not require the vote to occur during the public hearing.** Under the current bill, the governing body must vote to approve the rate/levy at the conclusion of the public hearing held no later than September 10. That timeline does not give the elected officials or staff any time to review and analyze presented information or make changes to the proposal before it is adopted. A more reasonable option would be to require the governing body to vote on such resolution before adopting the budget, but not necessarily on the day of the hearing – this would be similar to what local governments do under truth in taxation laws. The most important thing is that the elected officials vote, but not that the vote has to occur during the public hearing. Sedgwick County agrees that there must be accountability to the taxpayers. However, to expect a binding vote at the hearing does not give sufficient time for the information and comments to be absorbed into the decision of the governing body.
3. **Amend the date by which the budget must be certified to the county clerk to September 24.** Under the current draft of the bill, the Board of County Commissioners must hold the public hearing and vote on the property tax rate by September 10. Then, the budget must be certified to the county clerk by September 20. At least two full weeks are needed between the public hearing and the budget certification in case the action of the governing body requires adjustments to be made to the certified budget forms that had been prepared in advance of the public hearing. Sedgwick County proposes September 24 as the date by which the budget must be certified to the county clerk.
4. **Revise the requirements for the mailed notice.** Under the current bill, 11 data points for each taxing entity have to be listed on the notification letter sent to each property owner. For Sedgwick County, the estimated cost of that mailing is around \$150,000. Just getting the data combined into a single mailing will force Sedgwick County to wait until all taxing jurisdictions (approximately 100 of them) have submitted their proposed budgets before sending out the mailings. Clearly, this is going to be expensive and logistically difficult.

As a result, Sedgwick County proposes a more conservative hybrid idea that still checks the transparency box. Sedgwick County suggests an amendment to the bill so that the owner of each parcel would be sent a generalized postcard alerting them of their opportunity to review their detailed tax information in an online web-based portal. The property owner could also request a detailed mailing by opting in or out online or by calling a number shown on the card. Whether online or by mail, the data would be shown per parcel showing each taxing jurisdiction. The information will be more dynamically available because the data online can be updated whenever the information becomes available, as opposed to requiring counties to wait on each taxing jurisdiction. Furthermore, the online portal could provide taxpayers with supplemental interactive tax data that would further enhance transparency toward taxpayers. Also, the cost of Sedgwick County mailing a postcard as described above would be a fraction of the \$150,000 estimated cost for the mailings proposed in the current draft of SB 13.

Thank you for your consideration of this testimony.



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