

Harvey County Council of Governments

January 25, 2021

Honorable Kansas State Representative Adam Smith
Chair, House Taxation Committee and Distinguished Members of the Committee

RE: Senate Bill 13, Truth in Taxation

Thank you for allowing the Harvey County Council of Governments (HCCOG) the opportunity to provide your committee with written testimony concerning Senate Bill 13. The HCCOG is comprised of elected officials and administrators from Harvey County and each of its member cities who regularly meet to discuss regional issues and advocate as a coalition of partners. This includes the cities of Burrton, Hesston, Halstead, Newton, North Newton, Sedgwick and Walton.

Senate Bill 13 seeks to increase transparency and accountability in the annual budgeting process and this effort is commendable. However, several flaws in the current bill make it virtually impossible for any municipality or county to pass an annual budget without being required to adhere to the notification requirements of this bill. In its current form, the state legislature is passing an unfunded mandate that raises the cost of local governance. Additionally, SB 13 exempts the state and school districts from following these annual budget notification requirements.

We respectfully submit the following “common-sense” amendments.

Proposed Amendments

State Covers Cost of Notifications

This is a state mandate, and the state should cover the costs associated with this mandate. This is especially so considering the negative impact COVID-19 has had on the budgets of local governments.

Equal Treatment of Government Entities

Under SB 13, school districts and the state are not required to follow the notification requirements that other government entities must follow. If “truth in taxation” and transparency are truly the goal, why should the state be allowed to capture increases in its mill levy without having to send out and pay for these notices? And why are school districts exempt from these requirements?

All levels and types of government entities should have to play by the same rules.

Common Sense Exemptions in Revenue Increases

There should be common sense exemptions that allow local governments the ability to capture tax revenue generated by normal economic expansion, annexation, expiration of tax abatements and

Harvey County Council of Governments

economic incentives, and so forth. Especially, when these additional revenues have no negative impact on individual taxpayers and their tax rates are not going to increase.

Delayed Implementation

These notification requirements are slated to be effective January 1, 2021. The time constraints and costs associated with modification of software and working with vendors place an onerous burden upon local governments. Delaying implementation of these notification requirements until 2022 or 2023 would be helpful.

Concluding Thoughts

This bill seems to conflate a desire to ensure individual taxpayers are informed about the direct impact local budget decisions will have on their checkbook with a desire to hamstring local governments from being able to collect revenues so that it can effectively provide the services that taxpayers expect.

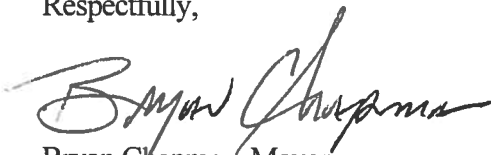
A taxpayer would logically expect a new subdivision to generate additional tax revenues and increase the size of an agency's annual budget. And taxpayers would logically demand that these taxes be collected so that the services provided to these new homes are borne by these new residents and not transferred to the rest of the taxpayers.

In a perverse twist, SB 13 may create potential scenarios where aggressive political action results in a governing body voting against an increase in the annual budget and thereby transferring actual costs and tax responsibilities from new businesses and housing starts to existing residents.

The annual budget process for local governments is one of its most transparent functions. Most entities have multiple public meetings, formal and informal public notices, and media coverage.

We believe there is a reasonable, common-sense approach that allows for increased transparency to taxpayers with notification requirements, while also allowing local governments to operate rationally and collect revenues through the normal course of operations.

Respectfully,



Bryan Chapman, Mayor
City of Sedgwick
Chairman of the Harvey County Council of Governments

Cc: Senator Carolyn McGinn, D-31
Representative Stephen Owens, D-72
Representative Avery Anderson, D-74