



Testimony

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Property Tax Controls on Local Government HB 2047

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House Tax Committee

The Unified Government of Wyandotte County/Kansas City opposes HB 2047. The Unified Government opposes any state-imposed limits on the taxing and spending authority of cities and counties. Local spending and taxing decisions are best left to locally elected officials and the citizens they serve.

This legislation is unnecessary. The Unified Government has consistently reduced the city/county mill levy over most of the past 15 years since consolidation of the City and County governments. The current property tax rate for the Unified Government is still much lower than before the city and county governments consolidated. Then it was 97 mills. Now it's 81.6 mills. That's 16% less than 15 years ago.

71% of Wyandotte County homeowners saw their Unified Government property tax bill go down under the 2013 Budget. 27% saw no change from last year.

The Unified Government receives only about 45% of the total tax bill paid by a Wyandotte County taxpayer. Public schools, the Kansas City Kansas Community College, KCK Public Library and State of Kansas make up the largest portion of the tax bill at about 55%.

Assessed value of real property in Wyandotte County has plummeted since 2008 when the recession began. 97% of all residential parcels in the county lost value during this period, meaning the actual tax dollars paid on homes decreased. The value of Wyandotte County property dropped 16% since 2008. This creates a situation where the same tax rates produce fewer dollars to pay for services and programs.

A significant share of the taxes paid by Wyandotte County residents is because of unfunded mandates and policies imposed by the Federal government and State of Kansas. These mandates push the property tax rate higher than it otherwise would need to be.

The State of Kansas, struggling with massive budget shortfalls, has slashed tens of millions of dollars in revenues intended by law for local governments. And the Legislature continues to off-load new duties on local governments without providing the money to pay for them.

In 2006, the Kansas Legislature repealed the property tax on commercial and industrial machinery and equipment. That decision, while positive for business, has taken a devastating toll on Unified Government revenues. Since 2006, Wyandotte County has lost more than \$106-million in assessed

value from machinery and equipment, reducing Unified Government property taxes by more than \$23.4-million. Those dollars were once used to pay for police and fire protection, street repairs and general operations.

Local Governments have been cheated out of nearly \$1.5-billion in Local Ad Valorem Tax Reduction Funds since 1992 as Governors and Legislatures broke the longstanding agreement negotiated between Local Governments and the State in the 1970's.

Actions by the Kansas Legislature clearly impact city and county budgets. Just one example is the new Division of Motor Vehicle computer system. Even without the glitches, workload that used to be done by the State was shifted to County Treasurers' offices. Wyandotte County was forced to hire four new fulltime people at annual cost of \$200,000. Another example is elimination of the Local Environmental Protection Program fund. The money received by the Unified Government paid for one fulltime position. We're now paying that out of local dollars. Each of these kinds of budget actions seem small, but they add up, putting more pressure on the local budget.

The Unified Government managed the major revenue shortfalls created by the Legislature and the recession by adopting a series of difficult budget policies.

- Cut spending more than \$7-million a year;
- Reduced the workforce by more than 10% totaling almost 300 people;
- Cut department operating budgets by 20%
- Imposed employee furloughs
- Froze salaries with no pay raises for four years;
- Enacted hiring freezes;
- Suspended capital improvement projects and equipment purchases;

The Unified Government has acted responsibly in its taxing and spending policies. The local elected Commissioners entrusted by our citizens to make these decisions hold dozens of hours of public workshop sessions discussing the budget. Citizens are well-informed of the issues and have plenty of opportunity to give their input about the level of services they want and what they are willing to pay.

HB 2047 is an intrusion into local control and decision-making. Many of you rail against the Federal Government for imposing mandates and meddling in State business. But far too many of you don't think twice meddling local affairs by about imposing restrictions and mandates on cities and counties.