



Testimony

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Property Tax Transparency Act

Delivered 2013 House Tax Committee

The Unified Government of Wyandotte County/Kansas City opposes _____. 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. HB 2212 is another attempt by the Kansas Legislature to meddle in the local affairs of communities across Kansas and cripple the leadership and decision-making ability of the people elected to that role.

This legislation is unnecessary. The Unified Government has consistently reduced the city/county mill levy over most of the past 15 years since consolidation. The Unified Government mill levy was increased for the 2012 budget, but even then property owners are paying less in city-county property tax for the 2012 budget than they paid in 2009.

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

The Unified Government receives only 47% of the total tax bill paid by a resident in the KCK school district. A resident in the Turner school district pays only 43% of their total tax bill to the UG. The UG receives 48% of the taxes paid by a homeowner in the Piper school district.

Public schools, the Kansas City Kansas Community College, KCK Public Library and State of Kansas make up the largest portion of the tax bill. The current property rate 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.

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In 2006, the Kansas Legislature repealed the property tax on commercial and industrial machinery and equipment.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 \$100-million in assessed value from machinery and equipment, reducing Unified Government property taxes by more than \$8-million. Those dollars were once used to pay for police and fire protection, street repairs and general operations.

Residential and commercial real property is another major revenue component of property taxes. Assessed value of real property in Wyandotte County has plummeted since 2008 when the recession began. For residential parcels, almost 97% of all 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.

General sales tax revenues supporting the 2012 budget are down 10% due to the sluggish economy. Interest earnings have dropped by more than \$5-million since 2008.

The Unified Government has managed these major revenue shortfalls 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 2212 is an intrusion into local control and decision-making. It is the State Legislature taking on the role of meddling big government imposing its will and control. Many Kansas lawmakers complain about the Federal government sticking its nose in State business and imposing unwelcome rules and mandates. This bill does the same thing. Except this time, you are the ones doing it.

Mike: Since 2006, the total assessed valuation of the County, including personal property, has decreased \$76.8 million or 6.6%. During this same period, personal property valuation declined by \$105.8 or over a 50% decline. Machinery and equipment accounted for over 80% of the personal property valuation in Wyandotte County. It is estimated that between 2009-2012, the City and County had a cumulative revenue loss exceeding \$23.4 million. Currently, on an annual basis the loss exceeds \$7 million.