



Testimony

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Mortgage Registration Fee SB 298

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The Unified Government of Wyandotte County/Kansas City opposes SB 298 which eliminates the Mortgage Registration Fee. This fee, which has been enshrined in Kansas law since 1925, pays for government services the banking and lending industry uses. Now that industry wants to eliminate the fee and have taxpayers at-large pick-up the tab.

You've heard a lot about the fee itself. I'm going to give you a bigger picture view of its importance and why arguments that the revenue loss can just magically be absorbed are false.

A few facts about Wyandotte County:

- The Wyandotte County budget is \$51.3-million for 2014. The Mortgage Revenue Fee makes-up 3% of the total budget. Making up the lost revenue would equate to a 4% increase in the County property tax mill levy.
- The County budget pays for services which mostly are done because they are required by the State of Kansas. Treasury, Clerk, Register of Deeds, Sheriff, District Court, Community Corrections and Mental health. The largest cost center in the Wyandotte County budget is the Sheriff's Department, including jail operation and inmate housing. Options are limited in controlling jail population, but the government has made significant strides with double-bunking initiatives, a jail population review committee, and aggressively pursuing low cost bids for the "over-flow" of prisoners that exceed jail capacity.
- For the most recent tax year available (2012), the Wyandotte County tax rate is among the lowest of in the State. Wyandotte County ranked 90th out of 105 Kansas Counties and was 27-mills below the State-wide average.
- 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.
- There was no increase in the 2014 Unified Government budget and 71% of Wyandotte County homeowners saw their Unified Government property tax bill go down under the 2013 Budget. 27% saw no change.

- 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%.

SB 298 is another in a long list of actions by the Kansas Legislature which have robbed money from local governments across Kansas. A quick review:

- 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 the tax base by more than 10% and costing more than \$30-million in lost revenue.
- The State of Kansas, struggling with massive budget shortfalls, has slashed hundreds 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.
- Local Governments have been cheated out of \$1.8-billion in Local Ad Valorem Tax Reduction Funds and City-County Revenue Sharing funds since 1992 as Governors and Legislatures broke the longstanding agreements negotiated with Local Governments. That represents an annual loss of more than \$2-million for the Wyandotte County side of the Unified Government budget for an accumulated total of more than \$10-million.
- From the renewal of car tags to supervising offenders in the Community Corrections program, the State Legislature has consistently shirked its duties and dumped more work and cost onto local governments.
- The Unified Government has also been impacted by inflation. The consumer price index for the Kansas City metropolitan area increased 47% between 1996 and 2013.

And before I hear the standard response of “you just need to be more efficient, ” let me point out 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;

Elimination of the Mortgage Registration fee is a tax shift from the powerful and wealthy bankers to taxpayers at-large all because the bankers and realtors don't want to pay for a service which benefits them.