

The City of

EST. 1957



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Date: February 9, 2024
To: Senate Assessment and Taxation Committee
From: Jennifer McCausland, City Administrator, City of Andover, KS
Re: SB 468 – Written Opponent Testimony

Thank you, Chairman and Committee, for allowing me to submit testimony on SB 468. The City of Andover is currently opposed to this legislation as it limits cities from utilizing state-statute defined economic development incentives such as Industrial Revenue Bonds and Tax Increment Financing.

This bill harms businesses, citizens, and cities. These economic tools are used by cities to create needed economic development, by businesses to reduce costs of projects, and help citizens by bolstering job opportunities and clearing blighted areas. If passed, cities will be far less likely to offer these programs. Therefore, whether intended or not, this bill stands counter to the idea that most Kansans want to build a diverse economy statewide and recruit and retain talent opposed to exporting it.

The Revenue Neutral Rate process was created to provide more transparency and accountability as it relates to the property tax process. Tying any economic incentive programs usage to the Revenue Neutral Process undermines its purpose and is a bad precedent.

To understand locally how this bill could cause harm, consider the following information from the City of Andover in 2023:

- Approved Industrial Revenue Bonds including Tax Abatement for expansion at Everidge, LLC.
- Approved 30 residential and 3 business projects through our Neighborhood Revitalization Program.
- Andover is a growing community, with sustained population growth of nearly 5% annually over the last 25 years.

While the City of Andover did reduce the 2024 mill levy by 0.728, we did not stay within the Revenue Neutral Rate. We feel strongly that passing a budget with a mill levy reduction indicates our commitment to only assess the amount of tax dollars necessary to do the work of the City of Andover. Under this proposed law, as written, the City of Andover would have been required to stay within the Revenue Neutral Rate for 2024. In dollars and cents this means Andover would have had **\$1,325,371 less funds** to do the

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work for our growing community. Going through a thought exercise, let's explore how such a large number could be funded from the 2024 Andover City Budget.

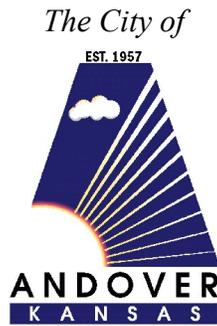
○ Eliminate the entire Raise Pool for City Employees (5%)	\$331,000
○ New police officer (added based on a staffing study)	\$50,000
○ Police Body Camera Replacements	\$158,000
○ New Park Employee as well as additional seasonal hours to keep up with 3 new parks	\$38,000
○ New Street Employee to maintain the 10 additional miles of road we added this year	\$45,000
○ Police Mobile Radio Replacements	\$12,000
○ 911 Dispatch Console Workstation Replacement	\$15,000
○ Necessary upgrades to servers	\$12,000
○ Mini Skid Steer purchase for Public works	\$26,000
○ Mower Replacements for Parks Department and Municipal Golf Course	\$118,000
○ Municipal Golf Course Irrigation System Maintenance	\$75,000
○ Parks UTV	\$35,000
	<hr/>
	\$915,000

Even with all those cuts that defer maintenance and jeopardize employee and public safety **we'd still have to cut \$410,371 in operating costs.** This would most assuredly require a reduction in staffing. This is because much of a City's Operating Budget, like a household or business, are not things that can be "cut" or reduced as they are mandatory costs of doing business set by factors outside of our control, such as:

- Electricity
- Gasoline for fleet vehicles
- Natural gas for facilities
- Internet and Phone
- Property/Liability/Vehicle/Work Comp Insurance
- Postage

Average annual wages for Andover employees are just over \$60,000. In order to meet this budget constriction, the City of Andover would need to lay off 7 employees. This action would unfortunately add to the workload of the remaining employees; the same employees - as you may have noted from above - who did not receive raises to even counter inflation.

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As you can easily see, it will be impossible for local governments to be employers of choice. Retaining highly qualified public servants is already our biggest challenge in today's economy. Many of the deterrents we hear most frequently are pay, workload, public perception, and work conditions (e.g. many public servants' work requires they be in the elements whether rain, sleet, or snow). Playing out this bill's effect on the City of Andover's ability to retain enough talent to provide even the most basic levels of public safety and services will necessarily immediately stop our quickly growing city from being able to compete on the same playing field with other Midwest cities for new business.

Bottom line: to avoid being held to an RNR, the only action a local government would be able to take is to cease offering any tax abatement programs. This action literally cuts off one's nose to spite his face. The resounding message will be: "Kansas is NOT open for business." Any gains that were made in the last few years to reverse the persistent "Brain Drain" our state has endured for years will be erased.

For these reasons, on behalf of the City of Andover and our Governing Body, I respectfully ask the Committee to **Vote NO** on SB 468. Thank you for your consideration.