

Commissioner Nolte,

I noticed yesterday that the surtax topic is on the agenda for discussion at Wednesday's Clay County Commission meeting. That was surprising to me, as I thought it was agreed upon after the EDC Coffee Connect that we would seek a more collaborative approach regarding the surtax with forthcoming conversation to include those who receive the funds. As I mentioned at the Coffee Connect, the panel was certainly stacked with individuals who had a personal interest in reducing the surtax. It is disappointing that the county would continue discussions and move forward without input from schools nor city governments. Creating ballot language is disingenuous at best, when everyone at the EDC heard the same message: "We are just starting conversations and there will be many more ahead with the schools." It seems odd to bring ballot language for Commission consideration with no dialogue with any of the taxing jurisdictions, almost like there is an agenda we are unaware of. It's important you be fully prepared for Wednesday's discussion. That includes knowledge of the information that follows - data outlining the impact of your proposal on NKC Schools.

Quality school systems come at a cost to residents and businesses within communities. North Kansas City Schools also recognizes that a healthy number of incentives are needed to keep strong communities vibrant. Since 2015, our school district has never publicly opposed tax incentives to help new industries or companies locate within our attendance boundaries. As a matter of fact, we currently have the largest tax incentive in the history of Missouri located within our district. We worked with the city, EDC, and Hunt Midwest to relocate a major technology company, even providing a letter of support to help close the deal. We have proven time and time again that we will do our part to support economic growth and a strong, vibrant community.

During the current year, North Kansas City Schools has approximately \$210 million of TIF assessed valuation reducing district revenue by nearly \$12 million within our 84 square miles. Next to Liberty Public Schools and Kansas City Public Schools, we are one of the most impacted districts in our state. Smithville and Kearney are right behind us. The Board of Equalization has been extremely kind to our local businesses, particularly Hunt Midwest and Ford Motor Company. According to Assessor Baldwin's numbers, the 2021 County Market Value assessments for Hunt Midwest and Ford Motor Company were reduced by \$67.6 million and \$11.5 million respectively during negotiations with the county or at the Board of Equalization.

In your email below, you claim that the surtax rate on businesses in Clay County puts the county at "an obvious competitive disadvantage" and that it "raises serious questions of inequitable taxation that unfairly impacts Clay County businesses and citizens." I find your statements to be at odds with the fact that Kansas City, MO has issued more building permits in Clay County than any county in Kansas City. Additionally, no voting-eligible citizens are paying the surtax on their individual property. North Kansas City Schools will continue to be a voice in helping voting citizens understand what this means to their household bottom line.

You also state that due to the surtax being exempt from the Hancock Amendment, taxes over the last 37 years have increased at a rate greater than other taxes. From 2008 to 2014 assessed values in Clay County decreased and accordingly so did the surtax. It wasn't until 2016 that assessed values returned to 2008 levels. It would be worth careful consideration to revisit these numbers before making plans to move forward.

It is extremely difficult for North Kansas City Schools to see the need to cut the surtax in half. As illustrated above, businesses are receiving large incentives to locate here on the front end, the Board of Equalization then minimizes the assessment growth on the back end, and that isn't enough? Your proposal would be to take more money in the middle by cutting the surtax in half?

The consequence of your proposed ballot language would amount to the reduction of 58 teachers in North Kansas City Schools over the next five years, while our demographer projects growth of an additional 1,500 students during that time. The math doesn't add up. Others I have talked with have considered reducing police officers if the surtax is cut in half. This hardly seems like the best means of serving our community.

North Kansas City Schools has reduced our overall property tax rate by seventy-six cents since 2017. We recently received voter approval to transfer twenty cents of our debt service levy towards our operating levy. This was done with no tax increase for our patrons. In fact, there has been no voter-approved tax increase since 2014. North Kansas City Schools has served as an innovator and champion for achievement with a student population that has grown by nearly 2500 over the last eight years. We remain a good value for those we serve because of our wise decision-making. Your reduction in the surtax would force us to increase our levy in response to the shortfall, directly impacting residents of our community. Does increasing the taxes of every resident of North Kansas City Schools seem fair simply to provide additional tax relief to some businesses? It doesn't seem fair to me and I don't think it will to our voters either.

I would love to hear the rationale behind reducing the surtax to \$0.80 when Jackson County is "significantly lower" as you state below, at \$1.44? This vast reduction makes no sense. An approach of looking at total tax rates instead of isolating the surtax would also be responsible, providing a more complete picture. At the EDC event, the only example of what Clay County has missed out on due to the current surtax was Zona Rosa, a half vacant and bankrupt shopping center that Platte County has had to bail out. These businesses are not moving to Platte County, mostly because the total tax rate is comparable between Clay and Platte Counties.

I will open the door again to work collaboratively with the commissioners on something that is mutually beneficial, best serving the community on the whole. Consideration could be given to making the Hancock Amendment applicable to the surtax, coming closer to matching Jackson County's rate or a combination of the two. I am sure there are many solutions to support all involved, rather than cutting 50% of the revenue from quality school districts in Clay County - the fastest growing in our state.