



Date: March 15, 2023
To: Senate Ways and Means Committee
From: Tim Danneberg, City of Olathe
Subject: Opposition to SB 309

Chairman Billinger and Honorable Committee members:

The City of Olathe stands in opposition to SB 309.

City sales tax revenue from grocery store sales amounts to an annual \$8 million funding source for city operations. It is the equivalent of 3.3 mills in property tax revenue. That revenue funds the equivalent of 70 police officer or firefighter positions, or some 90 positions in key areas such as street maintenance.

That revenue funds ongoing essential operational costs, and like any business, the City does not believe it should incur ongoing operational costs without an ongoing funding source. That is simply bad business and bad government.

SB 309 does not provide an ongoing funding source to make up for the lost revenue from eliminating the city share of grocery tax. It would simply provide a potential temporary fix that would do nothing to safeguard Olathe taxpayers, but rather, create unnecessary exposure for them.

The loss of grocery sales tax revenue without an ongoing funding source would require property tax revenue to fill the funding gap, or a portion of it. It would dramatically impact or eliminate Olathe's ability to provide property tax relief again next year and likely shift greater reliance to property tax revenue to fund city operations.

Unfortunately, the Legislature has used this type of approach to fill revenue gaps in the past, and it proved unsuccessful. When those Legislative commitments were funded, funding was eventually rescinded.