



## SEDGWICK COUNTY BOARD OF COUNTY COMMISSIONERS

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[SEDGWICKCOUNTY.ORG](http://SEDGWICKCOUNTY.ORG)

Dear Chair Smith, Vice Chair Turner, Ranking Minority Member Sawyer, and Committee members:

I am writing on behalf of the Sedgwick County Board of County Commissioners in support of HB 2377, which would adjust the formula for calculating the distribution of sales tax funds in a way that would no longer penalize a county or city for reducing its mill levy relative to its peers in the same county.

Current statute directs that local, countywide sales/use tax collections ("collections") are distributed back to the county and the cities within it based on a formula. The formula distributes half of the collections based on population, with counties getting credit for the population living in unincorporated areas. This half would be unaffected by HB 2377. The other half of the formula currently distributes collections based on the relative share of property taxes levied by each government.

HB 2377 addresses Sedgwick County's concern with the second half of the formula. The current construction of K.S.A. 12-192 discourages a government from reducing its property tax levy by further reducing the portion it receives of the collections. The result is that a city or county receives a reward for increasing its mill levy by increasing its relative share of the collections. The County supports HB 2377 because it would modify the second half of the formula to determine each government's relative share of the collections by tying such share to the total assessed valuations for each government, rather than to taxes levied. This removes any reward a government would receive by increasing its mill levy relative to its peers, while allowing a growing city to increase its share of the collections through the natural growth of its tax base.

In short, HB 2377 removes an additional hurdle that cities and counties in this State must currently consider when deciding whether to reduce their mill levies.

Thank you for considering our testimony in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Baty".

Ryan Baty, Chairman  
Board of County Commissioners of Sedgwick County