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Testimony Before the House Committee on Taxation
In Support of HB 2211 – STAR Bond Food Sales Tax Revenue Replacement Fund

February 26th, 2025

Chairman Smith and Members of the Committee,

When the state of Kansas created the STAR Bond program, it entered into a partnership with cities like Goddard, encouraging significant local investment based on a predictable and reliable funding structure. By eliminating the state food sales tax without providing a replacement revenue source, the state has disrupted that agreement and put STAR Bond communities at a serious financial disadvantage.

Before the last legislative session ended, we received news that legislation to permanently fund an account to make STAR Bond districts whole had been lost. Additionally, funding for any reimbursement in 2024 and 2025 was completely cut from the budget. We were made whole for one year in 2023. This represents a significant departure from the state's past commitments and leaves STAR Bond communities to shoulder an unexpected burden.

Delaying the payoff of STAR Bonds due to the lost food sales tax revenue means that critical sales tax revenue remains locked in the STAR Bond district, instead of funding essential public services like:

- **Public safety** – funding for police, fire, and emergency services
- **Infrastructure improvements** – road repairs, water, and sewer services
- **Health and welfare services** – resources that directly benefit residents

Until the STAR Bonds are fully repaid, all sales tax revenue generated in the STAR Bond district must continue to be diverted toward debt service, leaving cities with no choice but to raise property taxes to cover essential services. Had the state food sales tax revenue remained intact, we could pay off STAR Bonds sooner, unlocking those tax revenues for vital city services much earlier.

Our Walmart is the primary source of sales tax revenue in our community of 6,000, and it is in the STAR Bond district. The sales tax revenue from groceries sold at Walmart were a primary source of revenue to service the STAR Bond debt, and when the debt matures, the sales tax revenue collected at Walmart will be unlocked to be distributed to our small but humble community for essential services. The delayed maturity also costs the public entities hundreds of thousands of dollars in interest payments.

Thank you for your attention to this delicate matter.

Craig R. Crossette, City Administrator

George W. Liebe, Mayor of Goddard
City of Goddard, Kansas