

On behalf of the City of Hillsboro, we would like to formally oppose SB 248. The complete elimination of sales tax collected from grocery stores would have a dramatic impact on the city's annual budget. We estimate that removing all sales tax on grocery items would necessitate a property tax increase equivalent to 5-6 mills. That translates to a 14% increase in property taxes. Sales tax funds in Hillsboro heavily support the city debt service including a dedicate sales tax to pay for the community swimming pool. Removal of a large chunk of that funding stream would create tremendous hardship for Hillsboro tax payers. While there have been vague promises from the Senate to "make communities whole" there is no plan in pace to do so. Frankly the state legislature's track record of honoring statutorily required revenue support to cities in the form of LAVTR payments is dismal and inspires zero confidence that communities will be made whole. In addition, SB 248 directly contradicts the negotiated agreement that was developed in last year's legislation phasing out state sales tax on food and grocery items. As written SB 248 is effectively a state mandated property tax increase.

While the Hillsboro community can appreciate the desire to eliminate tax on food and grocery items, SB 248 nullifies decisions made by Hillsboro voters and community leaders acting to improve the community. We strongly encourage the house committee to reject the proposals in SB 248.

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