

City of McPherson

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March 10, 2023

To: House Taxation Committee

From: Thomas A. Brown, Mayor, City of McPherson

Subject: Written Testimony in Opposition to SB 248

Dear Chairman Adam Smith and House Taxation Committee:

The City of McPherson would like to express their adamant opposition for proposed legislation that will eliminate local sales and use tax on food and food ingredients. This bill will have over a \$375,000 per year impact on the general fund operations of the City of McPherson and \$600,000 per year impact on special projects in the City of McPherson for a total of \$975,000. This is nearly \$10,000,000 over a 10-year period. To fund local project and operation for this lost revenue it would take a 8 to 9 mil increase in local Ad Valorem Taxes, which is significant impact for our citizens locally.

The City levies two half-cent sales taxes for special projects that fund critical infrastructure projects in the community and one-cent general countywide tax that supplements the City General Fund as well as general funds in McPherson County and other cities across McPherson County. Another half-cent tax in McPherson County goes to support hospitals across McPherson County who have struggled greatly over the past decade and depend on sale tax revenue. **McPherson citizens voted directly on all these sales tax issue because of the value they added to the community.** Revenue generated from local sales tax on food and food ingredient sales in McPherson are a significant portion of the total taxes generated. As a result, this legislation will have direct negative impact on services and critical improvements to infrastructure that McPherson Citizens requested and have come to expect.

Local McPherson city projects that will be directly impacted from this actions in SB 248 to eliminate food portions on local sales tax will include: all city street and drainage projects, police and fire operations, public parks and recreation facilities, housing and infrastructure support, and economic development efforts which directly benefit the State of Kansas. In some cases, the City of McPherson has borrowed funds to complete projects backed directly by sales tax revenue. When that revenue is significantly cut it puts the City in a tough financial position.

With limited opportunities to generate revenues in local government (being limited to sales and use tax, property tax, and user fees), a move of this magnitude has greater impact on local governments. Small cities where most of the sales tax revenue is generated on food and food ingredients will be more adversely impacted than others.

Respectfully Submitted,

Thomas A. Brown
Mayor

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Commissioner of Public Facilities

Gary L. Mehl

Commissioner of Streets & Utilities

Larry E. Wiens