



**House Committee on Taxation  
Hearing on Senate Bill 248  
Hearing Date – March 13, 2023**

**Written Testimony in opposition to SB 248 on behalf of the City of Manhattan  
By Mark J. Hatesohl, Mayor**

Good afternoon, Chair Smith, Vice Chair Bergkamp, and Honorable Members of the House Committee on Taxation.

**The City of Manhattan opposes SB 248.** SB 248 eliminates local sales tax on food, further eroding the local tax base for Kansas communities; costing municipalities, at minimum, \$180 million statewide. We respectfully ask you to leave the local sales tax levy whole and only remove the more significant state rate.

- Cities rely on sales tax revenues when creating annual budgets which dwarf state sales tax rates, removing local sales tax on food negatively impacts Kansas cities and will put pressure on local government elected officials to increase property taxes or cut services to replace it. Local taxing decisions for a community should be made by local elected officials, communities that wish to remove local sales tax on food have a mechanism to do so if desired.
- The City of Manhattan has three special sales tax levies approved by voters. These voter-approved initiatives include our economic recovery and relief sales tax which took effect January 1, 2023 and supports Manhattan’s continuing economic recovery from the COVID-19 pandemic by fulfilling public infrastructure commitments for needed local improvements, for reducing debt as well as for economic development programs to recruit, retain, and grow jobs in the community and implement workforce housing initiatives; all while reducing the property tax burden on taxpayers. Voters have also approved local sales taxes to fund vital street maintenance projects throughout the community which helps offset losses in gas tax revenue received from the state as well as initiatives for quality-of-life amenities and projects. It is inappropriate for the Legislature to override or undo what local voters have authorized for their communities.
- The City of Manhattan’s downtown STAR Bond and local sales Tax Increment Financing (TIF) districts, established in 2006 and expanded in 2022, includes a Hy-Vee grocery store. The new non-profit “Museum of Art and Light” project now under construction and other public infrastructure improvements have been approved counting on these revenue streams. Further reducing local sales tax revenues compromise Manhattan’s ability (along with other cities in Kansas) to meet financial requirements within its existing STAR Bond and TIF Districts especially where retail stores selling groceries exist.

For all the reasons stated above, the City of Manhattan opposes SB 248, and asks the Committee to reject consideration of this legislation. Thank you for your time and consideration.