



March 13th, 2023

Testimony in Opposition to Senate Bill 248 House Taxation Committee

Chairman Smith and Members of the House Taxation Committee:

The Northeast Johnson County cities of Merriam, Mission, Prairie Village, and Westwood Hills oppose SB 248. We appreciate the opportunity to provide testimony in opposition to SB 248, a bill that would have devastating financial impacts on our cities' ability to meet our infrastructure demands and provide quality of life amenities for our residents.

Removing the local tax is of significant concern because it, in many instances, interferes with specific, dedicated special sales taxes that have been approved by the voters. For example, the City of Mission levies a 3/8-cent dedicated street tax and a 3/8-cent dedicated parks special sales tax—Measures overwhelmingly approved by the voting public.

Also of concern is the fact that these sales tax revenues have already been pledged to various bond issues and eliminating a dedicated repayment stream creates even more pressure on cities budgets and potentially bond ratings. For example, in Mission, there are outstanding bonds to fund neighborhood street improvements and outdoor park system improvements that were prioritized by residents through statistically valid citizen surveys.

Many cities have also negotiated public-private partnerships that rely on sales tax revenues for repayment of both bonds or pay-as-you-go reimbursements with developers, often for projects which include grocery stores. Their project proformas did not anticipate dramatic revenue reductions, and the viability of many commercial or mixed-use projects intended to provide important community benefits could be jeopardized.

In addition to dedicated, voter-approved sales taxes, SB 248 would significantly reduce municipalities' overall revenues. The City of Mission, for example, receives over \$950,000 (the equivalent of 4.7 mills) annually in sales tax revenue from grocery store sales. The City of Prairie Village estimates that it receives approximately \$715,000 in local sales tax collections from grocery store sales. For many other cities, grocery sales represent a significant portion of the total locally generated sales taxes. And, in reality, the impact to cities' total revenue is likely higher than anticipated, as SB 248 will create a reduction in the County's sales tax revenues that are passed through to our cities. Increased residential property taxes are the only revenue solutions to fill that gap.

We request the committee oppose SB 248. The ability to make decisions impacting our local taxes should be left to our local elected officials and the people who elected them. We appreciate the Legislature's ongoing efforts to provide relief to Kansas families, but we believe SB 248 will significantly impact our cities' ability to provide the infrastructure, services, and quality of life that these same families appreciate and rely on every day. Thank you for your consideration and we welcome any questions or further discussion you may have on this matter.

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