



CITY OF HALSTEAD

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Date: March 10, 2023
To: Chairman Adam Smith and House Taxation Committee Members
From: Ethan Reimer, City Manager

Re: Written Testimony in Opposition to SB 248

Chair Smith and Committee Members, thank you for the opportunity to testify in opposition to SB 248 on behalf of the City of Halstead, its Governing Body, and the constituents we serve.

The City of Halstead currently receives revenues from a two percent (2%) county-wide local sales tax, which is around 20% of our total General Fund revenues. Each 1% local sales tax was approved, separately, by a majority of the voters both in our city and the overall county. Halstead's portion of each of these local and county-wide sales taxes is an important revenue stream for our General Fund and helps fund the city's operation and provision of essential general government services like Police, Fire/EMS, streets, and maintenance and care of our Flood Control Levee. In Halstead, our City Council also dedicated a portion of those additional local sales tax revenues to pay the bond payment on the municipal pool which was built in 2009 and won't be paid off until 2029.

SB 248 would eliminate local sales tax on groceries, food, and food ingredients which we estimate would be somewhere between 15-20% of our local sales tax revenues, removing around \$65,000 to \$75,000 in revenue from our General Fund on average. This is equivalent to a loss of over four (4) mills within our General Fund which most likely would lead to the city having to consider raising property taxes to continue to provide essential services or to ensure our bond payments for the municipal swimming pool can be made. Relying on property taxes instead of sales taxes would result in around a 5% increase in property taxes rates in our city.

The City of Halstead commends the legislature for trying to cut taxes on groceries and food for the benefit of all Kansans but would request that the removal of any local assessed sales tax be left up to the jurisdictions as is the current state law. The loss of this revenue would have immediate negative impact and potentially jeopardize our ability to make bond payments for our swimming pool which are funded entirely through the local sales tax revenues. When the voters approved these local taxes, Halstead's Governing Body dedicated these revenues to property tax relief and quality of life improvements. Beyond replacing the city's old pool, other quality of life improvements made in our city with these funds include park equipment, community facilities, and sidewalk and ADA improvements. All of this would be in jeopardy going forward due to the loss of revenue if SB 248 were passed.

For these reasons, the City of Halstead requests you to Vote No and not to pass SB 248 out of committee.

Respectfully submitted,

Ethan Reimer, City Manager