

Johnson County Government

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Olathe, Kansas 66061



March 10, 2023

Representative Adam Smith
Chairwoman, House Taxation Committee
Kansas State Capitol
300 SW 10th Street, Room 185-E
Topeka, Kansas 66612

Opponent Testimony by Mike Kelly, Chairman Johnson County Board of County Commissioners, to the House Taxation Committee in re: Senate Bill 248

Chairman Smith and members of the Committee:

Thank you for allowing Johnson County the opportunity to opponent testimony on SB 248, providing sales tax exemptions for certain food and food ingredients. There are two specific provisions of SB 248 in its current form that would have detrimental impacts on the County. First, by exempting food and food ingredients from sales tax local governments would lose the ability to levy and collect sales and compensating use taxes that are vital to supporting operations and services. Johnson County's legislative platform has long emphasized the importance of local control and opposes measures that diminish local home rule authority of locally elected officials to conduct the business of their jurisdiction in a manner that best reflects the desires of their constituents and results in maximum benefit to that community.

Johnson County levies sales taxes that support general government operations, and public safety including the operation of jails and jail expansion, juvenile detention, community corrections facilities, crime lab, and stormwater management projects. Based on the Kansas Department of Revenue estimates that food and food ingredients comprise 15% of total taxable sales tax receipts, Johnson County would lose approximately \$15.0 million of sales and use tax revenues annually.

Second, the current proposed effective date of January 1, 2024, creates a considerable amount of uncertainty in our FY 2024 budget development process. As you know, local government entities are required to adopt the proceeding year's budget by September 20th. Development of the FY 2024 began in February and will continue through the spring, culminating with the release of the County Manager's Recommended budget in early May. The significant loss of revenue that would occur in FY 2024, due to the January 1, 2024, effective date, would require numerous fundamental changes to the proposed budget to keep it aligned with county financial policies and is a significant impediment to meeting statutorily required deadlines for budget adoption.

We ask the committee to oppose SB 248 and we stand ready and willing to provide any further information that can assist the committee in its diligent review of this proposed legislation.

Sincerely,



Mike Kelly
Chairman, Board of County Commissioners
Johnson County, Kansas

cc: Penny Postoak Ferguson, Johnson County Manager