



To: Chairman Smith and the House Committee on Taxation
From: Nick Hernandez, City Manager on behalf of City of Dodge City
Date: March 10, 2023
Subject: Opponent Testimony SB 248

Dear Chairman Smith and House Committee on Taxation:

Thank you for your consideration of the City of Dodge City's testimony in opposition to Senate Bill 248.

If SB 248, as amended becomes law, it will result in a damaging provision that will significantly impact the City's finances, as well as most other communities in Kansas.

The City of Dodge City is greatly concerned about the detrimental impacts this bill would have on critical services the City provides. With the average historical consumption at grocery stores trending upward of roughly 5% year over year, the conservative estimate after analyzing historical data, is that the elimination of our local sales tax on groceries would be a loss of over \$1.8 million to the City of Dodge City's general fund, \$2.4 million to the sales tax fund and an additional \$1.1 million loss specifically to the City's street fund. To make up for this weighty loss and maintain current services, the City would need to increase the mill levy by an additional 30 mills or 70% of the City's portion of the existing mill levy. For only the general fund portion, 25% represents our budget for law enforcement officers or the termination of 15% of our total general government workforce. Widespread layoffs would have immediate and significant impacts on the ability to provide public safety, maintained roads, code enforcement, operate just courts, and other essential services.

The City understands the need to maintain items such as groceries at an affordable rate for our citizens. However, our governing body consistently seeks cost savings as well as ways to decrease property taxes and utilities rates while still providing vital public services requested by our citizens. Our governing body takes their fiduciary responsibility seriously and has for over the past 8 years consistently reduced our mill levy. We are requesting that Home Rule be maintained and decisions such as the elimination of critical sources of revenue left to local government. Our citizens are relying on the City to provide safe communities and will be gravely affected by the passage of this bill. Please strike the language eliminating local government sales tax from this bill before passage. Any options or sources of alternative funding are not secure and there has long been a history of the legislature rescinding funding in times of financial strain, such as LAVTR and elimination of the M&E exemption.

Please do not hesitate to contact me if you have any questions. We greatly appreciate your consideration and continued support.

Sincerely,

A handwritten signature in black ink that reads "Nicklaus J. Hernandez". The signature is written in a cursive style with a large, prominent "N" and "H".

Nicklaus J. Hernandez, City Manager