



**Senate Committee on Assessment and Taxation  
Hearing on Senate Bill 252  
Hearing Date – February 21, 2023**

**Written Testimony in opposition to SB 252 on behalf of the City of Manhattan  
By Ron Fehr, City Manger**

Good afternoon, Chair Tyson, Vice Chair Peck and Honorable Members of the Senate Committee on Assessment and Taxation.

**The City of Manhattan opposes SB 252**, providing property tax exemption for business property determined to be operating in competition with property owned or operated by a government entity and sales tax exemption for certain businesses competing against governmental entities.

- Legislation exempting for-profit businesses from all property or ad valorem taxes within city limits could be detrimental to a primary revenue stream. Cities rely on property taxes when creating their annual budgets with a key focus of funding First Responders from Fire and Law Enforcement services and when determining the use of economic development incentives to attract businesses. Property tax revenues are an integral part of economic devolvement incentive calculations when determining what ventures are in the best interest of the community. Exemptions such as this upend those agreements and leave cities with even more shortfalls in an already uncertain economic climate.
- SB 252 would cause an unfair tax advantage to particular for-profit business sectors across the state, while all other applicable for-profit entities would continue paying property taxes and sales taxes.
- Voters in Manhattan approved a sales tax increase to fund two new Recreation Centers built in conjunction with two School District Middle School expansions primarily focusing on the need for more indoor basketball/volleyball and other court sport uses. These local government facilities are generally programed for drop-in use as well as entry level and instructional recreation programs that in many cases feed these higher level private for-profit facilities that provide more advanced training and developmental opportunities.
- Maintaining local control of property or sales tax exemptions is an essential function of cities, allowing the blanket exemption of for-profit businesses sets an undesired precedent for tax collection and would have significant negative economic impact on cities across Kansas.

For all the reasons stated above, the City of Manhattan opposes SB 252, and asks the Committee to reject consideration of this legislation. Thank you for your time and consideration.