

OVERLAND PARK

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8500 Santa Fe Drive
Overland Park, Kansas 66212
913-895-6000 | www.opkansas.org

Written Statement to the
Senate Committee on Assessment and Taxation
Regarding Senate Bill 376
by Dick Carter
March 7, 2012

The City of Overland Park appreciates the opportunity to comment issues contained in SB 376. We understand that during this period of economic recovery that many proposals related to tax policy reform will be offered; however, we must oppose the concept of elimination of the exemption of sales tax on professional services, which comprises much of SB 376.

We view this legislation as being detrimental to the City in the following ways:

- The professional service sector in Overland Park, provides critical consulting, legal, financial, information, engineering, and development services to many communities across the state of Kansas. The service sector has been the dominant job creator in the state for the past several decades and continues to have a strong foothold in Johnson County. Removing the exemption of sales tax on services would potentially cause the outmigration of several service oriented corporations currently located in Overland Park and place them in a less competitive advantage than they currently are
- Given the geographic location of Johnson County in proximity to the state line, corporations and small businesses continually monitoring and comparing tax climates between Kansas and Missouri – and other surrounding states. Those employers depend on a stable tax environment when making decisions about expansion, retention, and long-range planning. Removing the exemption of sales tax on services would result in many of the highly educated, high paid positions to be relocated – resulting in reduced income tax revenues for the state of Kansas.

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Attachment # 25

- Because the service sector is so dominant in Overland Park and Johnson County, any imbalance injected into the business environment will have far reach implications for the economy of the rest of the state. Taxing professional services simply is, in our opinion, not sound economic policy for the state as a whole.

SB 376 also would reduce the state sales tax by 1.0 percent. In doing so, it creates a concern that projects slated to begin under T-WORKS would not be funded – or funded at the intended level. The infrastructure surrounding the Overland Park and Johnson County area is critical to keeping commerce and people on the move – any reduction in maintenance and enhancement of projects will, again, impact the businesses that have come to depend on the quality transportation network system in our part of the state. It would also affect the quality of life expected from our residents.

We've chosen to only address the factors that impact the service economy in Overland Park, as the corporate partnerships the City has developed, continue to build on the success story that has made Overland Park and Johnson County the leading economic driver for the state. There are many more charitable and professional organizations which will be impacted by this legislation as well – we ask that you weigh their testimony accordingly, as those industries and organizations also impact the greater economy of Johnson County and thus, the state.

Please do not support SB 376.