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TO: Chairman Steven Johnson and House Taxation Committee Members
FROM: Amy L. Lange, City Manager, Concordia
DATE: March 12, 2020
RE: Written Only - Testimony in Opposition to HB 2656

Chairman Johnson and Committee Members, thank you for the opportunity to testify in opposition to HB 2656 on behalf of the City of Concordia.

Sales tax revenue is extremely important to the operations of our city, as it comprises approximately 40% of our general fund revenue. In addition to supporting salaries of employees, including those that maintain our streets and our first responders, this fund supports our capital improvement plan (CIP) to maintain our infrastructure and purchase new equipment such as police cars and ambulances. In comparison, 48% of our general fund expenses are for public safety (police, fire, EMS).

Sales tax revenue has remained fairly stable in our community over the last 10 years. The City of Concordia receives a portion of the 1% county-wide sales tax. The City's share of the county-wide sales tax has ranged from \$483,469.63 to \$510,252.13 over the last five years. To illustrate the impact elimination of this revenue would have on Concordia's residents, this share of the county-wide sales tax is equivalent to our entire annual fire department budget, or our entire annual ambulance services budget, or 60% of our law enforcement budget, or twice our annual CIP budget.

There have been no notable increases in local revenue sources for several years, so in order to maintain an adequate general fund reserve, we continue to cut expenditures, resulting in a backlog of deferred maintenance and aging equipment. Our city has experienced several years of budget constraint recently, from stifled COLAs to 42% reduction of CIP and equipment reserve budgets to 10% cuts of departmental operating budgets. Additionally, we have experienced health insurance premium increases over several years, including an 50% increase between 2016 and 2019, which we shared 50/50 with our employees. And the basic costs of doing business continue to rise: fuel, utilities, uniforms, tools, concrete, asphalt, fittings, etc. Passing SB 396 will eliminate a significant revenue source currently used for services imperative to our residents, and may result in an increase to the property tax mill levy to offset this loss. With an assessed valuation of only \$23.6M, an increase of 20 mills would be needed to offset this loss.

Based on this testimony, the City of Concordia requests you not to pass out HB 2656. Thank you for consideration

Amy L. Lange
City Manager