



Moundridge, Kansas
Where Community is a Way of life

City of Mound ridge
225 S Christian Ave ~ PO Box 636
Moundridge, Ks 67107-0636

Date: March 6, 2020
To: Chairman Steven Johnson and House Taxation Committee Members
From: Randy Frazer, City Administrator
Re: Written Testimony in Opposition to HB 2656

Chairman Steven Johnson and House Taxation Committee Members,

Thank you for the opportunity to testify in opposition to HB 2656 on behalf of the City of Moundridge

Kansas legislative committees are considering a number of bills dealing with a wide variety of issues, a few which would impact local governments and the vast majority of Kansans whom they serve .

One of those bills being heard by the Senate Assessment and Taxation Committee on which you serve is HB 2656.

This legislation raises several concerns for cities in Kansas . Most significantly, this legislation is yet another reduction in the tax base which would have a significant impact on the ability of cities across Kansas to adequately fund their operations. By forcing a reduction or elimination of sales tax revenues you are creating an even greater property tax burden on residential properties, small business properties, and Industrial Properties. HB 2656 is tantamount to the State Legislature imposing a property tax increase on the folks back home or forcing reductions in local services, since most municipalities already struggle to meet their budget obligations.

Kansas municipalities operate primarily on property tax dollars and the proceeds from the countywide sales tax provide additional revenues which reduce the burden on property tax while enabling cities to fund basic governmental services . State lawmakers need to avoid doing further harm to municipal governments, by thoughtfully evaluating legislation that places additional financial burdens on municipalities without providing alternate funding sources.

The City of Moundridge is fortunate to have received \$277,683.73 in proceeds from the countywide sales tax in 2019, which in our case is the equivalent of 17.08 mills for 2019 . The City of Moundridge is not funding any special projects with sales tax revenue, this revenue is only used to reduce property tax and fund basic governmental services such as Police and EMS services. So, if the countywide sales tax revenue was removed in 2019 the city would have needed to reduce or eliminate basic services or increase the property tax mills levied from 34.428 to 51.508.

Cities are the engine that drives Kansas 's economy . They are where most Kansans live, work and shop. Their success is integral to the well-being of small businesses , industry , schools, health care and other institutions. Kansas cannot have a healthy state economy without healthy, functioning cities.

I am urging you to reject HB 2656 which will create even more financial and budgetary problems at the local level.

Randy Frazer, CPM
City Administrator
City of Moundridge, Kansas