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Date: March 9, 2020  
To: Chairman Steven Johnson and House Taxation Committee Members  
From: Jon Quinday, City Manager  
Re: Testimony in Opposition to HB 2656

Dear Chairman Johnson and Committee Members,

The governing body of the City of Russell has been, and continues to be, mindful of property tax burdens by making good decisions for their city, including passing a budget that meets the community's needs and values. Each year the governing body must weigh competing costs and benefits when it adopts the budget it believes is in Russell's best interests.

Even as costs to serve our community continue to rise - employee health care, road maintenance and replacement, and equipment, to name a few - we have been able to keep our property tax revenue flat the past several years. Rather than relying solely on property tax, the governing body has, by resolution, dedicated the city's share of the countywide sales tax to capital improvement projects (roads), equipment purchases (public safety), economic development, and property tax reduction.

To put the loss of the city's share of the county-wide sales tax into perspective, I offer the following information:

- Russell County's population is 6,970. Of that, 4,506 live in the City of Russell, where most of the retail business is located.
- The City of Russell receives approximately \$400,000 per year from the county-wide sales tax.
- Fifty percent of the sales tax revenue is used for property tax reduction, twenty-five percent for capital improvement projects (roads), eighteen percent for equipment (public safety), and seven percent for economic development.
- The \$400,000 per year in sales tax equals approximately 14 mills based on current valuation. That is fourteen mills that are not assessed to the property.

The current formula for allocating countywide sales tax has been effective for over thirty years. A further reduction in revenue will only harm the local government's ability to provide services for its residents. HB 2656 will be especially burdensome for cities, such as the City of Russell, that have continued to operate without increasing their revenue year to year.

For these reasons, I ask that HB 2656 not be passed out of the committee. Thank you for your consideration.