

## City of McPherson

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March 9, 2020

City of McPherson Opposition Testimony of Senate Bill 396 for March 12, 2020  
Chairperson Caryn Tyson, Senate Committee on Assessment and Taxation

Thank you Madame Chairperson for the opportunity to provide testimony to the Senate Committee on Assessment Taxation in opposition of Senate Bill 396

The City of McPherson would like to express their adamant opposition of proposed legislation that will change the formula on distribution of countywide sales taxes. This bill will have over a \$2 million per year impact on the general fund operations of the City of McPherson.

The formula negotiated over 30 years ago was arrived at by a mutual agreement of cities and counties. The formula has worked for over the last 30 plus years. It is difficult to understand why a bill like this would even be considered when the formulas and structure behind this legislation were negotiated in good faith. If there is a dispute between one city/county in one part of the state, we would strongly encourage that particular locale to work out their differences or pursue specific legislation for their situation. We don't believe a statewide change is necessary.

This bill will most certainly result in a significant shift in tax dollars. Loss of \$2 million dollars to the city general fund will result in significant loss to all general fund services in the City including but not limited to police, fire, EMS, parks, cemetery, and engineering, street operations, animal control, among a number of other departments. Besides loss in services there will need to be a shift in taxes. In McPherson, the city portion of the Countywide Sales tax brought in \$2.275 million dollars in 2019. These funds, generated by the city share of the countywide sales tax, represented 22% of the city's general fund revenue in 2019. Also in 2019, ad valorem property tax represented 28% of revenue. To make up for this revenue loss it would have required an increase of 66% of property taxes collected in 2019 to replace this amount.

Of the total McPherson County countywide sales tax in 2019, \$3.542 million of the tax would be generated from sales located within the City of McPherson. The current city portion of the distribution is 100% generated from sales within the City Limits. This legislation going forward will force layoffs at the City of McPherson, delay infrastructure improvements, and even create strong consideration of discontinuing services that many in the community consider to be critical. The formula already established works. We ask that you consider opposing this legislation at its effects would be devastating for our community.

Respectfully Submitted,

Thomas A. Brown  
Mayor

Mayor

*Thomas A. Brown*

Commissioner of Public Facilities

*Gary L. Mehl*

Commissioner of Streets & Utilities

*Larry E. Wiens*