

Adam Smith  
Kansas House Tax Committee

Dear Chairman Smith:

I am writing you today in opposition to HB 2738. Any alteration of the current formula or discontinuance of this source of revenue will severely impact our City of Mount Hope, Kansas. It will also impact many other cities of our size across the State of Kansas.

In the fiscal year 2020, per our audit, our city received \$126,000 in revenue via the sales tax. The total revenue received from some form of tax revenue, including property tax, was \$378,000. The amount of sales tax revenue was 33.3% of all revenue received through any type of tax resources.

The figures are similar for fiscal year 2021, where the sales tax revenue was \$140,921. The amount of other revenue from other forms of tax revenue, including property taxes, was \$412,838. The amount of sales tax revenue last year was 34.1% of the city's tax revenue budget.

As a small community, our constituents must travel to the larger cities to purchase various amenities, hence, spending significant dollars which includes paying the taxes required on those purchases. It seems only right to share some of those tax dollars with the communities from whence they came. The current formula has worked very well since 1978.

Further, any change which potentially reduces revenue, such as HB 2738 seems to suggest, will require more reliance upon property taxes. Smaller communities like Mount Hope, and there are several in the State of Kansas, do not have many options for revenue outside of property taxes and sales taxes. When certain resources become limited or reduced, the only source left is property taxes, and that is not popular at all.

Please do not approve HB 2738 as it will have a severely negative impact on our city.

Sincerely,

Terry Somers, Mayor  
City of Mount Hope, Kansas