

CITY OF GAS

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To: House Taxation Committee

From: Rhonda Hill, City Clerk, City of Gas

Subject: Testimony in Opposition of HB 2738

Date: March 16, 2022

The City of Gas, in Allen County, is strongly opposed to Bill HB2738, as it will have detrimental impact on our residents and businesses, and create additional property tax burdens for all residents of Kansas.

- Since 1978, the formula for countywide sales tax revenue sharing has been employed across the state. Currently, 93 counties levy a countywide sales tax. In 2020, 492 Kansas cities received a total of \$271,112,274 and 82 Kansas counties received \$214,258,925 through the formula. The current formula was the result of a compromise between cities and counties – the formula continues to work now for cities and counties, there is no reason to change the way it is currently being handled.
- In Kansas, 90% of the sales taxes generated in the state are generated within city limits. 70% of the residents in Allen County live in cities. In most cases, most of the sales tax is generated inside city limits and there has been a recognition that a portion of those sales tax dollars should stay where they are generated.
- Many cities across the state use the proceeds from this tax in lieu of property taxes and to pay debt service. If this law went into effect, it likely would cause cities to have to raise property taxes or cut vital city services relied upon and expected by their citizens.
- The Kansas Association of Counties suggests interlocal agreements could be agreed to between cities and the county. The legislation does not require counties to do this, leaving all discretion in the hands of the county and ignoring the role cities play in fostering commerce.
- City residents and businesses pay the same county property taxes as county residents. In many cases, those tax dollars are used extensively outside city limits for county roads and bridges, noxious weeds, and other functions. This legislation gives no guarantees to city residents that the status quo of spending

by county commissions primarily outside city limits would not be applied to sales tax revenues. Changing this sales tax structure would put further weight on city residents to pay the cost of county services with no direct benefit.

Please reconsider your stance on this Bill.

Sincerely,
Rhonda Hill
City Clerk
City of Gas