

Subject: Countywide Sales Tax (HB 2738) - URGENT
Date: Wednesday, March 16, 2022 at 12:47:20 PM Central Daylight Time
From: Lucas Jay Mullin
To: Michael Fagg, Joe Newland
CC: scoulter@shelterinsurance.com, Jamie Lindamood, heatherfuesz@gmail.com, Jason Brandt, Heather Lewis, Karen Simon, Renee Burk, Lucas Jay Mullin
Priority: High
Attachments: image001.png, image002.png

I am writing regarding House Bill 2738 that is scheduled for the House Tax Committee tomorrow (Thursday) at 3:30 pm. This bill would have detrimental impacts for city residents and businesses and could create additional property tax burdens for residents in Kansas – including Eureka. Is this something you are willing to support in a fragile time with gas spiking, record inflation, and businesses trying to recover post-COVID?

This bill would allow the county to unilaterally remove revenue sharing with Eureka from future countywide sales taxes placed on the ballot. We strongly opposes this legislation.

Points to Consider:

- 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.
- In Kansas, 90% of the sales taxes generated in the state are generated within city limits. 84% of the residents of Kansas 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 including ours use the proceeds from this tax in lieu of property taxes and to pay debt service and already planned budgeted projects. If this law went into effect, it likely would cause us to have to raise property taxes or cut vital city services relied upon and expected by our 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 our residents to pay the cost of county services with no direct benefit.

I urge you to oppose this legislation and help bring your colleagues along with you. If you need a list of who will have this in front of them tomorrow, it can be found here:

http://www.kslegislature.org/li/b2021_22/committees/ctte_h_tax_1/

Thank you for your consideration and I look forward to hearing from you on this matter.

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Lucas Jay Mullin, MSE
City Administrator, City of Eureka

620.583.6140, Office | 620.583.5615, Fax | cityadm@eurekaks.org

www.eurekaks.org

PO Box 69, 309 N Oak Street, Eureka, KS 67045



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