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Testimony on House Bill 2738
House Committee on Taxation

Jon Quinday, City Manager
City of Russell, Kansas

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Chairman Smith and Members of the Committee:

Thank you for allowing me the opportunity to provide testimony in support of HB 2738, which allows counties to decide whether to apportion revenue between the county and cities.

The governing body of the City of Russell is mindful of the burden of property tax on our residents and businesses. Even as costs to serve our community continues to rise, we have been able to keep our property tax revenue flat - the revenue received from property tax in 2015 is \$1,500 less than the budgeted property tax revenue in 2022.

To put the loss of the city's share of the countywide 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 the most retail business operates.
- The City of Russell receives approximately \$400,000 per year from the countywide sales tax.
- Fifty percent of the sales tax revenue goes to property tax reduction, twenty-five percent for capital improvement projects (roads), eighteen percent for equipment (public safety), and seven percent for economic development.
- Based on the current valuation, the \$400,000 per year in sales tax equals approximately 14 mills, which is 14 mills not assessed to the property.

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. The Kansas Association of Counties suggests the city and the county could agree to a formula for distributing sales tax through interlocal agreements. 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. Changing this sales tax structure would put further weight on city residents to pay the cost of county services with no direct benefit.

I ask that HB 2738 not be passed out of the committee for these reasons. I appreciate your consideration.