



701 Washington • P.O. Box 603
Concordia, KS 66901
785-243-2670 • Fax: 785-243-3328

TO: Chairman Caryn Tyson
Senate Assessment & Taxation Committee Members

FROM: Amy L. Lange, City Manager, Concordia

DATE: February 20, 2023

RE: Written Only - Testimony in Opposition to SB 252

Chairman Smith and Committee Members, thank you for the opportunity to testify in opposition to SB 252 on behalf of the City of Concordia.

Property tax and sales tax revenue are extremely important to the operations of our city, as these sources comprise approximately 20% and 40% of our general fund revenue respectively. In addition to supporting salaries of employees (maintaining our streets, providing code enforcement for nuisances and construction, and our first responders) this fund supports our capital improvement program (CIP) to maintain our infrastructure and purchase new equipment such as police cars and ambulances. In comparison, 43% of our general fund expenses are for public safety (police, county-wide dispatch, fire, EMS).

Fees for service represent approximately 25% of our general fund revenue. The League of Kansas Municipalities (LKM) has consistently supported a philosophy of collaboration and diversification to reduce reliance on property taxes. Fees for services are one way to diversify revenue streams of cities to reduce reliance on property taxes. One example of this that would be negatively impacted with the passage of SB 252 is the city-operated sales of concessions at a city-owned sports complex or swimming pool – a very real example the Concordia Parks and Recreation Department experiences each summer.

Though small, the estimated \$5,000 net revenue earned from operating our own concessions at the swimming pool and baseball fields assists with repairs of playground equipment at our city parks that are available to all free of charge, thereby lessening reliance on property taxes to maintain park amenities throughout our community. Concessions also provide seasonal job opportunities for our local youth.

We purchase the supplies for our concessions stands from a local wholesale food distributor who also operates a retail store in Concordia offering the same products. Additionally, Concordia is home to several convenience stores, an independent grocery store and Wal-Mart also offering the same products. Our local privately owned movie theater also offers concessions. If SB 252 is passed, it would result in a city property tax exemption of \$104,005.42 annually, and this number would increase tremendously if we maintained offerings of hamburgers, hot dogs and nachos as these particular food sales would be considered direct competition with our local restaurants. The burden of making up for that loss with a mill levy increase of 4 mills or more would then fall to local residents and small business owners, and/or a reduction in service

and programming of the city would be necessary. As a member of the LKM, we support the position the existing property tax base should be protected.

Concessions sales are a long-established means of fundraising for youth and non-profit organizations. Concordia Broadway Plaza, as well as USD 333 Concordia and Cloud County Community College all rely on youth groups and clubs as well as non-profit organizations to operate concessions during public events. It is normal for these groups to receive the proceeds from these sales to support their operations, from equipment and supplies to charitable giving and service projects within the community. In essence, the ability to operate concessions stands allows our community to replace school athletic uniforms or band equipment, to offer scholarships and donate books to the library, and to provide basic hygiene supplies to community members in need. Moreover, these entities rely on property tax revenue for general operations.

Concordia Broadway Plaza is a popular public outdoor event space established in 2016. This space supports community gatherings open to the public as. The Plaza has traditionally held a summer movie and concert series funded by a grant. This well-attended event series is one example of an activity that would need to be canceled to protect property tax and sales tax revenue from our local movie theater if SB 252 passes.

I expect our local community college and school district to discuss this in more detail. Both of these organizations have established and expanded their child care center offerings in an effort to retain staff due to lack of private child care availability within our community. Eliminating or privatizing child care for their staff is not an option at this point. Passage of SB 252 would further erode the property tax base on which these organizations rely for a large portion of their general operating revenue stream.

Passage of SB 252 will force the city, school district, and college to choose between jobs and basic business operations or fundraising to benefit students and the community. Leaving the status quo allows these critical organizations to continue doing both. Can you imagine attending a high school basketball game without popcorn or a baseball tournament without hot dogs?

Concordia has a diverse revenue base, and for that we are thankful. We have been fortunate to experience increased sales tax revenue due to more people shopping local and significant inflation since 2020, which allowed us to work on deferred maintenance equipment replacement and projects following several cuts since 2015. Additionally, our community does not have an appetite to increase their property tax burden, as evidenced by the failed bond issues for new hospitals in 2008 and 2013, as well as the failed bond issue in November 2021 for reconstruction of the junior-senior high school that would have added 12 mills to property taxes and an additional 1% general city-wide sales tax. We are compelled to maintain our current property tax base and sales tax revenue stream in order to maintain the quality of life expected of our residents in rural Kansas.

In summary, passage of SB 252 would significantly disrupt the engrained operations of cities, specifically with respect to offering concessions at city-owned facilities such as baseball fields, swimming pools, and outdoor event spaces. Popular public outdoor event spaces may shutter in an effort to reduce the cost of operations and preserve property tax revenue generated by private entertainment venues. It would also negatively impact youth groups and clubs and non-profit organizations that traditionally provide social and economic support within the communities they reside.

With this testimony in mind, the City of Concordia strongly urges you to oppose SB 252. Thank you for consideration.



Amy L. Lange
City Manager