

Allen J. Dinkel
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March 10, 2020

To: Chairman Steven Johnson and Members of the House Taxation Committee

Re: Testimony in Opposition to HB 2656

Chairman Johnson and Committee Members, thank-you for the opportunity to provide written testimony in opposition to HB 2656 on behalf of the City of Junction City. I understand that this bill would redirect all proceeds from a countywide sales tax to the county starting on July 1. In 2019 this bill would have resulted in \$264.9 million being redistributed from cities to counties. The bill stems from a dispute in one county with one city. The proponents of this bill are trying to change a formula that has worked for cities and counties since 1978.

In the case of the City of Junction City it would be an extremely large loss. In 2019 the City received \$2,136,534.00 for their share of the countywide sales tax. In the case of Junction City and Geary County a large percentage of the sales tax is generated within the City. We try to have a good working relationship with the County, but it is the City who provides fire protection, police protection, ambulance service, and builds and maintains the streets and road to those business that generate sales tax within the City limits.

The city share of the countywide sales tax becomes a part of city's general fund. To offset this loss the City would need to increase our mill levy by approximately 12.2 mills or 25 percent. The other option would be to make deep cuts in essential services. Our City has held the mill levy at relatively the same rate each year since 2013. Meanwhile the City has greatly lowered the massive amount of General Obligation debt that was accumulated 10 to 15 years ago. The loss of the City share of the countywide sales tax would devastate our plans to continue to lower debt to a reasonable level.

The property within the City of Junction City represents about 72 percent of the assessed valuation for Geary County. 68 percent of the residents of Geary County reside in the City of Junction City.

I am only speaking for the City of Junction City, but I believe every city would be greatly impacted in a negative manner if this bill would be allowed to become a law.

Based on this testimony, the City of Junction City requests you not to pass out HB 2656

Sincerely,

A handwritten signature in blue ink that reads 'Allen J. Dinkel'. The signature is written in a cursive style with a large, sweeping 'A'.

Allen Dinkel
City Manager