

City of McPherson
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March 9, 2020

City of McPherson Opposition Testimony for House Bill 2656 for March 12,
2020 Chairmen Steven Johnson, House Taxation Committee

Thank you Chairman Johnson for the opportunity to provide written testimony to the House
Taxation Committee in opposition of House Bill 2656

The City of McPherson would like to express their adamant opposition of proposed legislation
that will change the formula on distribution of countywide sales taxes. This bill will have over a
\$2 million per year impact on the general fund operations of the City of McPherson.

The formula negotiated over 30 years ago was arrived at by a mutual agreement of cities and
counties. The formula has worked for over the last 30 plus years. It is difficult to understand
why a bill like this would even be considered when the formulas and structure behind this
legislation were negotiated in good faith. If there is a dispute between one city/county in one part
of the state, we would strongly encourage that particular locale to work out their differences or
pursue specific legislation for their situation. We don't believe a statewide change is necessary.

This bill will most certainly result in a significant shift in tax dollars. Loss of \$2 million dollars
to the city general fund will result in significant loss to all general fund services in the City
including but not limited to police, fire, EMS, parks, cemetery, and engineering, street operations,
animal control, among a number of other departments. Besides loss in services there will need to
be a shift in taxes. In McPherson, the city portion of the Countywide Sales tax brought in \$2.275
million dollars in 2019. These funds, generated by the city share of the countywide sales tax,
represented 22% of the city's general fund revenue in 2019. Also in 2019, ad valorem property
tax represented 28% of revenue. To make up for this revenue loss it would have required an
increase of 66% of property taxes collected in 2019 to replace this amount.

Of the total McPherson County countywide sales tax in 2019, \$3.542 million of the tax would
was generated from sales located within the City of McPherson. The current city portion of the
distribution is 100% generated from sales within the City Limits. This legislation going forward
will force layoffs at the City of McPherson, delay infrastructure improvements, and even create
strong consideration of discontinuing services that many in the community consider to be critical.
The formula already established works. We ask that you consider opposing this legislation at its
effects would be devastating for our community.

Respectfully Submitted,

A handwritten signature in blue ink that reads 'Thomas A. Brown'.

Thomas A. Brown
Mayor

Mayor
Thomas A. Brown

Commissioner of Public Lands
Gary L. Mehl

Commissioner of Public Works
Larry E. Weins