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March 12, 2020

Testimony in Opposition to Senate Bill 396  
Senate Assessment & Taxation Committee

Chairwoman Tyson and Members of the Senate Taxation Committee:

I appear today on behalf of a coalition of Northeast Johnson County cities, presently comprised of the cities of Merriam, Mission, Prairie Village, and Westwood Hills. I appreciate the opportunity to provide testimony in opposition to Senate Bill 396, which would discontinue the apportionment of countywide retailers' sales tax imposed for general purposes between the county and cities. This bill has the potential to significantly and catastrophically reduce cities' annual general fund revenues.

The effects of SB 396 would be widespread across the state, with the potential to negatively impact nearly 500 cities across Kansas, including our cities in Northeast Johnson County, at the expense of several millions of dollars. For example, for one of our coalition members, the passage of this legislation would mean a loss of nearly \$3 million in annual revenue from the countywide sales tax, or roughly 14% of the city's annual general fund revenues.

Granted, while the bill does not prohibit counties from redistributing a portion of these funds back to cities, there is no requirement or guarantee that counties do so, nor any sort of guidelines or process for how counties could or should redistribute funds. The bill seems to insinuate cities and counties will internally determine what to do with county sales tax levied upon the citizens of one city. In Johnson County, our county government and cities value little else above local control. Currently, we can only hope the Legislature recognizes greater local control like this, not less. We no doubt could work out a distribution formula between cities and counties. However, our concern is the need to do this, as well as the potential for transition and change particularly during times of economic stress or change. The collection and distribution of tax revenue works best, we have learned in Kansas, when it is stable, predictable, and not subject to the politics of the moment. Therefore, because of the uncertainty, volatility, and dramatic projected losses of revenues for our cities, we oppose SB 396.

Thank you for your consideration and I welcome any questions you may have on this matter.

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