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March 16, 2022

To: Chairman Adam Smith and Members of the House Taxation Committee

Re: Testimony in Opposition to HB 2738

Chairman Johnson and Committee Members, thank-you for the opportunity to provide written testimony in opposition to HB 2738 on behalf of the City of Junction City. I understand that this bill would allow counties to unilaterally remove revenue sharing with cities from future countywide sales taxes placed on the ballot.

In the case of the City of Junction City it would be an extremely large loss if the current formula was changed. In 2021 the City received \$2,451,727.62 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 13.89 mills or 28 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 71 percent of the assessed valuation for Geary County. 68 percent of the residents of Geary County reside in the City of Junction City. This bill would not require the counties to work with the cities to develop an interlocal agreement.

I also feel that this bill started because of a dispute of one county and one city. This is a situation this is a local issue,

and any resolution should not be left to the State Legislature to take care of.

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

The current formula of sharing of the countywide sales tax has worked well since 1978. That formula was the result of a compromise between cities and counite. The formula continues to work now for cities and counties.

Based on this testimony, the City of Junction City requests you not to pass out HB 2738.

Sincerely,

A handwritten signature in cursive script, appearing to read "Allen Dinkel".

Allen Dinkel  
City Manager