

P O Box 591  
Beloit, Kansas 67420



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**Katie J. Schroeder**  
CITY ATTORNEY

To: Chairman Caryn Tyson and Senate Assessment and Taxation Committee  
From: Katie Schroeder, City Attorney, City of Beloit  
Subject: Written Testimony Opposed to Senate Bill 87

Thank you, Chairman and Committee, for allowing me to submit testimony opposed to Senate Bill 87 which would discontinue the apportionment of the countywide sales tax for general purposes. The City of Beloit is opposed to this proposed legislation.

The current law and formula for apportionment of a countywide sales tax has been in place for decades and has worked well for counties and cities alike. There is no reason to change the current formula.

Allowing counties to retain all of the general sales tax puts Kansas cities at risk of losing revenue for which they have utilized for decades to finance city operations. The bill would rely on counties and cities to formulate interlocal agreements regarding the sharing of this revenue. If no interlocal agreement can be reached, cities will lose revenue that is necessary for cities to succeed.

I can foresee some counties refusing to enter into any interlocal agreements to share portions of the sales tax revenue, which again, would be devastating for cities in Kansas.

For these reasons, I ask that Committee oppose Senate Bill 87. Thank you for your consideration.

Very Truly Yours,

  
Katie J. Schroeder

Beloit City Attorney

Land of the Kansas Post Rock

P.O. Box 273  
150 S. Wichita Ave.  
Bentley, KS 67016  
316-796-1799



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Date: February 11, 2021

To: Chairwoman Tyson and Senate Assessment and Taxation Committee Members

From: Rex Satterthwaite, Mayor of Bentley

Re: Testimony in opposition of SB 87

Bentley receives 25% of its total revenue from the sales tax formula. Small bedroom communities like Bentley have most of their citizens work in bigger cities and thus purchase all of their goods from bigger cities (such as in our case Wichita or suburbs). Which makes it hard for a city like Bentley to accommodate any commercial business as there is no way to compete. There is no way a city like Bentley can survive on the sales tax it receives from within the city. The formula for distributing the sales tax revenue among the cities in a county, as it now stands, takes in the consideration that almost all of the goods purchased for a Bentley household are purchased elsewhere. As one can see, this revenue income is a large percentage of total income, reducing this amount by changing the formula would make it very difficult for cities like Bentley to operate properly under such fiscal constraint. With the bond debt Bentley is facing, it will make it extremely difficult for us to operate to provide the needed functions of the city.

Cordially,

*Rex Satterthwaite*

Mayor of Bentley

February 11, 2021

Re: TESTIMONY IN OPPOSITION TO SENATE BILL 87

Dear Chairwoman Tyson and Committee Members:

The City of Colwich is a community located in Sedgwick County, the largest county, in the State of Kansas. Colwich receives approximately \$280,000 annually from the distribution of the sales tax revenues as formulated by state statute. This distribution is vital to our community of 1,467 residents.

In 2002, the city saw the last distribution of Local Ad Valorem Tax Reduction (LAVTR), City County Revenue Sharing, in the amount \$21,956 resulting in an increase in the city's mil levy beginning in 2003 of .718 mills or \$10,677. Shortly thereafter, the legislature removed the mechanical and industrial equipment tax which resulted in another significant tax blow to our community as we had the first ethanol plant in the State of Kansas located within our city limits.

The effective date for Senate Bill 87 appears to be July 1, 2021 which means that our community would lose \$138,000 for the remainder to 2021 severely impacting the funding of essential programs. In anticipation of the passing of Senate Bill 13 "Truth in Taxation" legislation, the loss of sales tax revenue would force us to eliminate essential services as we will no longer be able to raise ad valorem taxes to cover potential shortfalls due to the loss of this valuable revenue stream. The adopted 2021 budget mil levy based on our assessed valuation nets approximately \$13,965 per mil based on a complete year's collection of sales tax revenue. Removing \$280,000 from the annual revenue calculation would result in a mil levy increase of 20.07 mils.

Reviewing options for the development of future budgets requires consideration of consolidating services through Sedgwick County for fire and/or police services. The Sedgwick County Fire District mil levy rate for people in the unincorporated portion of Sedgwick County is 17.891 mils for fire protection. The elimination of the Colwich Volunteer Fire Department currently funded at 8 mils will require an increase in ad valorem taxes to all property owners in the corporate city limits of Colwich. The cost for using the Sedgwick County Sheriff's department for police protection is unknown as there are currently no communities in Sedgwick County that contract for this type of service.

The City of Colwich respectfully requests that this senate bill be defeated due to its ill-advised effects upon, particularly smaller communities, budgets and our ability to provided essential services to our citizens.



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TO: Chairwoman Caryn Tyson  
Senate Assessment & Taxation Committee Members

FROM: Amy L. Lange, City Manager, Concordia

DATE: February 9, 2021

RE: Written Only - Testimony in Opposition to SB 87

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Chairwoman Tyson and Committee Members, thank you for the opportunity to testify in opposition to SB 87 on behalf of the City of Concordia.

Sales tax revenue is extremely important to the operations of our city, as it comprises approximately 34% of our general fund revenue. In addition to supporting salaries of employees, including those that maintain our streets, provide 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, 48% of our general fund expenses are for public safety (police, fire, EMS).

Concordia has experienced several years of budget constraint recently, from stifled COLAs to a 42% reduction of CIP and equipment reserve budgets to 10% cuts of departmental operating budgets. Yet we must continue to provide our residents water, snow removal, and emergency services 24/7, and we still need to address a backlog of deferred maintenance and aging equipment to support these services. For example, replacement of the obsolete city-operated dispatch console that provides the critical radio communication means for all first responders in Cloud County is estimated to cost \$100,000. Additionally, we have experienced health insurance premium increases over several years, including a 50% increase between 2016 and 2019, which we shared 50/50 with our employees. And the basic costs of doing business continue to rise: fuel, utilities, uniforms, tools, concrete, asphalt, pipe fittings, etc. Stable local revenue sources and strong fiscal management, including retirement of debt, allowed us to just begin reinstating these cuts in 2020.

(continued next page)

Sales tax revenue has remained fairly stable in our community over the last 10 years, even through the COVID-19 pandemic in 2020. The City of Concordia receives a portion of the 1% county-wide sales tax in addition a 1% city-only sales tax. The City's share of Cloud County's county-wide sales tax per K.S.A. 12-192(a) has ranged from \$544,624.71 to \$651,571.17 over the last five years, with 2020 yielding \$582,200.62, or 13% of our general fund budget revenue. Concordia has relied on this revenue source for several decades.

If passed, SB 87 would take effect July 1, 2021, halfway through the current fiscal year, and would deprive Concordia of over \$500,000 in general fund revenue, half of which may already be collected by that point in time, thereby requiring a refund to the County. Sales tax revenue from the County apportionment is already budgeted for FY 2021, and a reduction of general fund revenue by 13% midway through the year would be detrimental to municipal services provided to our residents. To illustrate, this share of the county-wide sales tax is equivalent to our entire annual fire department budget, or our entire annual ambulance services budget, or 60% of our law enforcement budget, or twice our annual CIP budget.

Passing SB 87 will eliminate a significant revenue source currently used for services imperative to our residents, and may result in an increase to the property tax mill levy, reduction in parks and streets maintenance or recreation programming, reduction in emergency services, reduction in employment across multiple departments, or a combination thereof to offset this loss. With an assessed valuation of only \$28.8M, a property tax increase of 20 mills would be needed to offset this loss without a reduction in services.

We understand passage of SB 87 would allow cities an opportunity to request this lost revenue directly from the County through an interlocal agreement. However, we also understand all local governments are fighting for the same finite resources from our taxpayers, and the County shares the same struggles as the City with a backlog of deferred maintenance and equipment replacement. Additional revenue without additional effort will be enticing to the County. While we have a great working relationship with Cloud County, we anticipate difficulty obtaining approval of a new interlocal agreement for requested sales tax revenue from the County at the same level currently afforded by K.S.A. 12-192(a), as evidenced by challenges occurring within the last three years with respect to requests for funding to assist with replacement ambulances, noting the City of Concordia provides primary EMS service to half the County outside the city limits of Concordia, and mutual aid to the other half.

With this testimony in mind, the City of Concordia strongly urges you to oppose SB 87. Thank you for consideration.



Amy L. Lange  
City Manager

Date: February 11, 2021

To: Chairwoman Caryn Tyson and Senate Assessment and Taxation Committee Members

From: Kendal Francis, City Administrator, Great Bend, Kansas

Subject: Testimony in Opposition to SB

Dear Chairman Tyson:

I am writing in opposition to SB87.

This bill would fundamentally alter the formula, that has been law since 1978, on the distribution of the general-purpose countywide sales tax. This change would have a severe, negative impact on the City of Great Bend, and I believe all cities in Barton County and throughout the state.

Barton County assesses a 1% sales tax, which under current law, annually results in approximately \$2.1million in direct payments to Great Bend's General Fund. SB87 would eliminate the requirements for distributing those monies to cities and direct 100% of those funds to the counties. It does not preclude county's from "sharing" those funds. However, the reality is that those funds can and most assuredly will be redirected at a county's whim. Cities need those protections to remain in place.

If the county was to withhold that distribution, the City's only alternatives to offset the funding loss would be to either cut essential services or raise property taxes, both of which penalizes our citizens.

Therefore, I respectfully urge you to oppose SB87.

Sincerely,



Kendal Francis

City Administrator

February 10, 2021

Dear Chairwoman Tyson and Committee Members:

The City of Haysville is opposed to Senate Bill 87. The current formula for distribution of countywide sales taxes continues to result in a fair distribution of the collected sales tax. Although nothing in the proposed legislation would prevent counties from entering into inter-local agreements to distribute the sales tax to cities, there is also nothing in the bill requiring counties to share the sales tax. If the City of Haysville lost its current share of the countywide sales tax, there would have to be a massive reduction in services, an increase of the mill levy, or some combination of both measures. The “flexibility” mentioned in the Fiscal Note for Senate Bill 87 would almost certainly lead to a reduction in distribution to cities. If this bill is a result of a long-standing dispute in one county, why propose legislation affecting all counties?

**William Black**

Chief Administrative Officer

City of Haysville

Phone: 316.529.5900



## CITY OF HALSTEAD

City Manager (316) 835-3381

City Clerk (316) 835-2286

Police Chief (316) 835-2266

Fire / EMS Department (316) 835-2606

Public Works Director (316) 835-2743

Recreation Director (316) 835-2517

FAX (316) 835-2377

(e-mail) [cityclerk@halsteadks.com](mailto:cityclerk@halsteadks.com)

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303 Main St. • P.O. Box 312 • Halstead, Kansas 67056 - 0312

Date: February 9, 2021  
To: Chair Caryn Tyson and Senate Assessment and Taxation Committee Members  
From: Ethan Reimer, City Manager

Re: Written Only – Testimony in Opposition to SB 87

Chair Tyson and Committee Members, thank you for the opportunity to testify in opposition to SB 87 on behalf of the City of Halstead and its Governing Body.

SB 87 would have a drastic and negative effect on the City of Halstead and its residents if all proceeds of the county-wide sales tax were no longer divided as currently covered by state statute. The City of Halstead currently benefits from a two percent (2%) county-wide sales tax that is assessed in Harvey County. Halstead's portion of each of these county-wide sales taxes is an important revenue stream for the city's operation and provision of services as requested and expected by our residents as well as our debt service.

In 2020, Halstead's total portion of county-wide sales tax monies accounted for 15.5% or \$450,322 of our General Fund revenues. Over half of that amount is from county-wide sales tax monies that is split via the current statutory formula. These funds directly support operation of our emergency services (Police, Fire, EMS), maintenance and care of our parks and recreation facilities to enhance quality of life for our residents, and even things such as work on streets, sidewalks, and our flood control levee. Additionally, when a majority of our residents voted in support of the county-wide sales taxes, they did so because part of the revenue that would be generated was promised to be used for the debt service payments on the construction of a new swimming pool. That decision kept property taxes from increasing to cover the additional debt service payments that run until 2030. The City of Halstead that the city continues to have a duty to pay that debt service with or without that sales tax revenue and if it were removed the city would either be forced to cut services or consider a property tax increase to honor its obligations.

SB 87 would result in the immediate loss of over 50% of our current revenue from county-wide sales tax monies on an annual basis as it is not governed by an existing interlocal agreement. In the past five years this would have meant the loss of over \$1.2 million or about an average of \$245,000 annually in revenue for our community. To put it in perspective, it would take over 17 mills being added to our local mill levy to generate the same revenue as the sales tax revenue we potentially stand to lose per SB 87 on an annual basis. On the average home in Halstead, this would be an increase of around \$260 a year in property taxes. As written, there is nothing that mandates counties to remit any sales tax monies to cities or protects a city's right to a portion of the taxes its residents are paying in the county. The current statutory regulations help ensure residents in cities receive some local benefit from the county tax they are being assessed, SB 87 would remove that. The City of Halstead requests you not to pass SB 87 out of committee in its current form.

Respectfully submitted,

Ethan Reimer, City Manager



## THE CITY OF HERINGTON

P.O. Box 31 • 17 North Broadway • Herington, KS 67449

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Telephone: (785) 258-2271

FAX: (785) 258-3552

To the honorable Kansas Legislature,

Recently, Senate Bill 87 was filed with the clerk. This is concerning to me as a city manager in this great state. In 2020, our sales tax revenue was ~\$224,000. If this bill were to pass, this would greatly affect the residents- for service-based items, and myself- as an administrator.

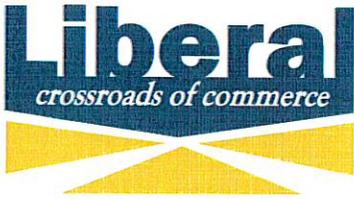
Losing this allocation would mean I would have to scale back on unfilled positions, which are already tough enough to fill in rural Kansas. I would also not be able to propose COLA or merit increases for 2022 and beyond. The City will need a new fire truck and backup generator in the next three years. With the projected ~\$224,000 loss of revenue- that would mean close to \$1,000,000 over four years. This would put major infrastructure projects on hold.

If SB87 does pass, we would have to increase the property tax burden or increase utility fees in a town where poverty levels reach past 25%. You do not have to hear the anger in the resident's voices every day as we do. Please think about the small city's that keep Kansas beautiful.

Cordially,

A handwritten signature in black ink, appearing to be 'Branden Dross', written over a light blue circular stamp.

Branden Dross  
City Manager



To: Senate Assessment and Taxation Committee

From: Mayor Taylor Harden & City Manager Calvin Burke

Date: February 9, 2021

Re: Testimony in Opposition to Senate Bill 87

Madam Chair Tyson and Committee Members, thank you for the opportunity for the City of Liberal to present our written testimony in opposition to Senate Bill 87.

The City of Liberal has historically utilized proceeds of the countywide sales tax to fund our General Fund Expenses at a reduced burden of property taxes imposed upon our residents. A majority of the sales tax collections are generated by sales from within the City and we believe that a portion of these sales tax dollars should stay where they are generated.

This revenue sharing process has worked well for many years and has historically equated to a significant portion of the City of Liberal's General Fund. For 2020, the City of Liberal's portion of the countywide sales tax collections equaled \$2,704,418, which represented 21.96% of our total General Fund revenues.

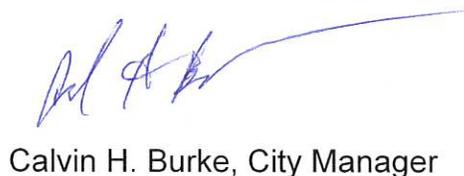
To replace this amount of revenue in our 2021 Budget, we would have to increase our City mill levy by 22.377 mills, or 42.58%. Our alternative would be to significantly reduce the City services that we are able to provide to our constituents, which they expect and deserve.

City residents pay the same amount of property taxes for law enforcement, roads, bridges, and noxious weed control to the County as other county residents that live outside the city limits. A significant amount of these taxes is utilized exclusively outside of our City limits, and we believe that altering the countywide sales tax structure would result in further burden upon our City residents to pay the cost of County services, with no direct benefit.

Based upon this testimony, the City of Liberal urges the Senate not to pass Senate Bill 87.



Taylor Harden, Mayor



Calvin H. Burke, City Manager

**City of McPherson**  
400 E. Kansas Avenue  
P.O. Box 1008  
McPherson, Kansas 67460



City Administrator (620) • 245-2535  
City Attorney • 245-2535  
Public Works Director • 245-2545  
Fire Chief • 245-2505  
City Inspector • 245-2547  
Chief of Police • 245-1200  
Sanitarian • 245-2548  
Park Superintendent • 245-2565  
Cemetery Sexton • 245-2568  
Tele Fax • 245-2549

February 5, 2021

City of McPherson Opposition Testimony for Senate Bill 87 for February  
9, 2021, Chairperson Caryn Tyson Taxation Committee

Thank you Chairperson Tyson for the opportunity to provide written testimony to the Senate  
Taxation Committee in opposition of Senate Bill 87

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 the particular locale to work out their differences or  
pursue specific legislation for their situation. We do not 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 of  
McPherson including but not limited to police, fire, EMS, parks, cemetery, and engineering,  
street operations, animal control, among 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  
\$2.162 million dollars in 2020. These funds, generated by the city share of the countywide sales  
tax, represented 21% of the city's general fund revenue in 2020. Also, in 2020, ad valorem  
property tax represented 25% of revenue. To make up for this revenue loss it would have  
required an increase of 54% of property taxes collected in 2020 to replace this amount.

Of the total McPherson County countywide sales tax in 2019, \$3.448 million of the tax would  
be 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. The current tax structure does  
not benefit city residents. City property taxpayers pay the same tax for county roads, bridges,  
noxious weeds, and sheriff patrol as county residents that live outside of city limits. If this bill is  
passed, wholesale elimination of projects and city employment is very possible.

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*

City of Meade  
132 Fowler St  
Meade, KS 67684  
(620) 873-2091

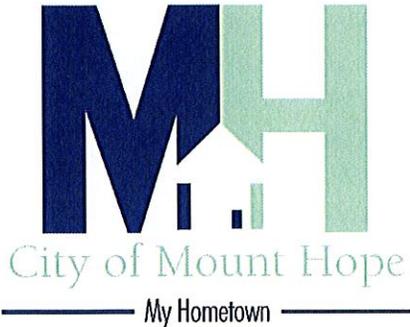
Dear Chairwoman Tyson and Committee Members:

My name is Armando Gonzalez, I am a City Council member in the city of Meade, KS. In viewing SB 87 I do not believe it is in the best interest for anyone. If there is a desire by our state government to change a policy that affects a great number of Kansas residence without the opportunity to vote on such an issue is wrong. I for one am opposed to this legislation and ask that you do the same. If this email needs to be directed to anyone else, please feel free to forward it to those who need to read it.

Thank you for your time,

Sincerely

Armando Gonzalez, City Councilman, Meade KS.



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[www.mounthopecity.com](http://www.mounthopecity.com)

February 9, 2021

Honorable Senator Caryn Tyson  
Chairwoman, Senate Tax Committee

The City of Mount Hope, Kansas has great concern regarding the sharing of the county sales tax in SB87. In a time of difficulty, where resources are limited, to take away a major, reasonably stable, funding resource for the smaller communities is very disconcerting. We are asking you to not change this methodology and/or formula that is currently working well and reasonable in its application.

Our community has been fortunate to receive approximately \$126,000.00 last year to help with our budgetary needs. We apply it to our general fund to help provide the services required for our community that the ad valorem taxes are insufficient to cover. Primarily it assists us in keeping our property taxes as reasonable as possible and helps in funding our public safety units. If this funding source is taken away, it will have serious implications in keeping our community safe and livable. The smaller communities have few resources as it is. If this funding source is significantly changed or removed, it will create great grief for our constituents in higher property taxes and less services.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Terry Somers', is written over a horizontal line.

Terry Somers, Mayor  
City of Mount Hope, Kansas



P. O. BOX 287 - 114 N. BROADWAY - STERLING, KANSAS 67579 - (620) 278-3411

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Feb 08, 2021

In Re: City Testimony SB 87 Distribution of Countywide Sales Tax

Greetings,

The City of Sterling unequivocally opposes SB 87 which would result in 100% of our General Fund Sales Tax going to the County instead of the current formula that divides the revenue between the County and Cities in the County.

This revenue source is the second greatest source of funding for our Police Department. In communities such as Sterling, KS (pop. 2210), support of SB 87 is equal to supporting the defunding of police. Our (5) five-person Police Department is already stretched thin, with shift coverage a major challenge. Recruiting and retaining talent is growing more difficult in today's political climate. SB 87 would make a tough situation even more dire. Our Police Department means everything to our community. One of our community's greatest achievements includes the level of security felt by our neighbors. Our Police teammates are a big reason why families choose to live in our community.

While we have a terrific relationship with our County, they do not have a County Administrator (never have) and a lack of leadership has led to several instances of poor decision making. We do not have confidence in their ability to work with us on securing an interlocal agreement to maintain this revenue stream for City of Sterling.

Thank you for your consideration and please feel free to reach out to me for further comment!

Respectfully,

Craig R. Crossette, MPA  
City Manager  
Phone: 620-278-3423  
Mobile: 316-706-8706  
Email: [ccrossette@sterling-kansas.com](mailto:ccrossette@sterling-kansas.com)

Chief Derrick Ploutz  
Chief of Police  
Phone: 620-278-3411  
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