

March 7, 2023

Kansas Legislature
House Committee on Taxation
300 SW 10th Street
Topeka, KS 66612

Members of the House Committee on Taxation,

On behalf of the City of El Dorado, I am writing to express concerns about the potential impact that Senate Bill 248 could have on the City of El Dorado.

The original intent of sunseting the sales tax on food did not affect local sales taxes. Cities throughout Kansas have relied on this revenue stream to keep property taxes low while providing essential services requested by citizens. The City has few options other than property taxes or service reductions to offset this lost revenue if the food exemption becomes law.

The City of El Dorado receives about \$3 million from retail sales taxes annually. The proceeds from sales taxes provide the equivalent of about 17 mills in property taxes, thus assisting the community's efforts to keep the mill levy at a reasonable level. The City estimates that exempting food sales from local sales tax will decrease City revenues by a minimum of \$350,000 per year, representing about 12% of total sales tax receipts.

El Dorado relies heavily on sales tax revenue to fund capital projects such as street maintenance, playground equipment, fire station doors, park restroom improvements, and other infrastructure improvements. Any reduction in revenue generated by sales tax could significantly impact our community's ability to fund these projects, leading to delays or even project cancellations.

In addition, many Kansas communities use sales tax proceeds to pay debt service associated with significant capital projects. An exemption on food sales will impair many of these communities and will likely affect El Dorado's ability to facilitate certain capital projects.

The City of El Dorado urges the Kansas House Committee on Taxation to carefully consider the potential impact of SB 248 on Kansas communities, our state, and its residents. We must ensure that any changes to our tax system are fair, equitable, and in the best interest of all Kansans.

Thank you for your attention to this matter.

Sincerely,



David B. Dillner
City Manager

CC: State Representative Will Carpenter