

To: Senate Ways and Means Committee
From: Nathan Eberline, Executive Director
Date: March 15, 2023
RE: SB 309 – Local Revenue Supplement
Neutral– Oral Testimony

I want to thank Chairman Billinger and the members of this Committee for affording the League of Kansas Municipalities the opportunity to provide testimony regarding SB 309.

The League's primary focus this week has been the corollary bill of SB 309, currently in House Tax: SB 248. Because of the sizable revenue cuts to local governments in SB 248, we are now in the process of evaluating supplemental policy changes like the revenue proposal in this bill. The revenue-replacement fund would provide a one-time transfer from the state-general fund. As local governments provide certain certifications to the State Treasurer's Office, the objective of the bill is to make locals whole based on those certifications.

While the League is in favor of diversifying revenue streams to avoid shifting more burden to property taxes, we remain neutral on any legislative proposals that eliminate revenue in one bill while supplementing revenue in another. The legacy of tax cuts passing while revenue bills fail is too deeply established to take another posture.

We appreciate the efforts made by President Masterson to develop a plan that replaces the sales-tax revenue reduced by proposed sales-tax exemptions. Yet we still think the better plan is to not pass SB 248 in its current form. There is no need for the legislature to make cities whole if you do not harm us in the first place. We remain wary of trading a guaranteed source of revenue for a year-by-year appropriation by the state when the latter has been so hard to secure.

The League serves to be a resource in relation to city issues, and we are pleased to work with this committee and the Legislature to ensure sound fiscal policy regarding our cities. We welcome passage of this bill or allocations for any of the municipal funds and programs that currently remain unfunded. While our focus persists on fixing SB 248, we are happy to provide whatever information we can in relation to SB 309 and alternative revenue sources for municipalities.

Thank you for your consideration and thank you once again for your thoughtfulness regarding Kansas municipalities.