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Date: February 7, 2020
To: Senate Committee on Assessment and Taxation
From: Jon Quinday, City Manager
Re: Testimony in Opposition to SB 396

Dear Chairwoman and Committee Members,

The governing body of the City of Russell has been, and continues to be, mindful of property tax burdens by making good decisions for their city, including passing a budget that meets the community's needs and values. Each year the governing body must weigh competing costs and benefits when it adopts the budget it believes is in Russell's best interests even in the absence of the Local Ad Valorem Tax Reduction (LAVTR) and County City Revenue Sharing (CCRS) programs.

Even as costs to serve our community continue to rise - employee health care, road maintenance and replacement, and equipment, to name a few - we have been able to keep our property tax revenue flat the past several years. Rather than relying solely on property tax, the governing body has, by resolution, dedicated the city's share of the countywide sales tax to capital improvement projects (roads), equipment purchases (public safety), economic development, and property tax reduction.

To put the loss of the city's share of the county-wide sales tax into perspective, I offer the following information:

- Russell County's population is 6,970. Of that, 4,506 live in the City of Russell, where most of the retail business is located.
- The City of Russell receives approximately \$400,000 per year from the county-wide sales tax.
- Fifty percent of the sales tax revenue is used for property tax reduction, twenty-five percent for capital improvement projects (roads), eighteen percent for equipment (public safety), and seven percent for economic development.
- The \$400,000 per year in sales tax equals approximately 14 mills based on current valuation. That is fourteen mills that are not assessed to the property.

The current formula for allocating countywide sales tax has been effective since 1978. A further reduction in revenue will only harm the local government's abilities to provide services their residents desire. This will require a modification in services to our residents, especially by those cities that have continued to operate without increasing their revenue year to year, such as the City of Russell.

For these reasons, I ask that SB 396 not be passed out of the committee. Thank you for your consideration.