



March 5, 2020

Representative Caryn Tyson
Kansas State Capitol
300 SW 10th St. – Room 123-E
Topeka, KS 66612

Re: TESTIMONY FROM CITY OF WICHITA ON SB 396

Dear Chairman Tyson and members of the Committee:

The City of Wichita offers testimony against SB 396 as introduced. This bill would change the distribution formula for county-wide local sales taxes that have been approved by voters at a referendum. It would jeopardize the City of Wichita's ability to pay back bonds which were issued based on local sales tax revenues. The bill would eliminate a substantial revenue stream that is used to reduce local property taxes and to rebuild infrastructure. Finally, this bill is contrary to the will of local voters as expressed at the polls when the local sales tax was approved.

The local sales tax in Sedgwick County was approved by voters in 1985. The City of Wichita's pledged use of the sales tax was very clear – to reduce local property taxes and to fund infrastructure improvements, specifically for the US 400 freeway. This pledge is codified in a local ordinance, and the City has honored this pledge for over thirty years. This bill would eliminate the revenue stream upon which that pledge is based, and would eliminate the City's ability to achieve promises made to voters in 1985.

One-half of the City's share of sales tax revenues annually (\$30 million) has been used since 1985 to reduce the local mill levy (by approximately 7 mills). The other half of sales tax revenues have been spent to improve US 400 to a 6-lane urban standard freeway and to rebuild other roads and bridges. The City of Wichita has spent over \$600 million in local funding on US 400. The City is partnering with the Kansas Department of Transportation in the most recent

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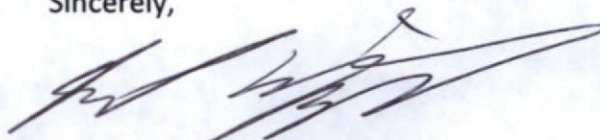
portion of this project – a two mile portion of improvements connecting US 400 to K-96 and the Kansas Turnpike.

The City currently has \$94 million in outstanding debt for which local sales tax dollars have been pledged. Although these bonds are also general obligations of the City of Wichita, they were issued based on use of local sales tax revenues. This bill could jeopardize the City's ability to pay back these bonds.

If this bill passes, the City of Wichita would be faced with raising the local mill levy by over 7 mills in order to maintain current operating budget service levels. In addition, the funding source for most City infrastructure improvement on roads, bridges and freeways would be virtually eliminated. Finally, the City would be faced with retiring \$94 million in local sales tax bonds, without the revenue stream upon which those bonds were issued.

Thank you for your time and careful consideration of this issue. Please contact us if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brandon J. Whipple', with a long, sweeping horizontal stroke extending to the right.

Brandon J. Whipple
Mayor, City of Wichita