



City of Kingman
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March 10, 2023

House Committee on Taxation
Representative Adam Smith, Chair
c/o lea.gerard@house.ks.gov

Re: Testimony in Opposition to SB 248

Dear Representative Smith and Committee Members:

I am writing on behalf of the Kingman City Commission concerning the proposed SB 248 that would eliminate local sales tax on groceries, food, and food ingredients. The consensus of the Kingman City Commission is opposition to this legislation. If brought to fruition, this measure would have significant negative impacts on our local operations.

The City of Kingman has had an additional one cent (\$.01) retailers' sales tax for many years. Every ten (10) years the voters of Kingman have been asked to renew this tax and it has passed with an overwhelming majority each time. The Kingman sales tax is required to be apportioned with 82% going to the general fund and 18% going to economic development. This extra revenue has been critical to maintaining control of property tax levies in the general fund and allowing the City to engage in expanded economic development activities that it would otherwise be unable to do.

There is one major grocery store in Kingman that serves the surrounding area. It is a major source of sales tax revenue that is contributed by residents and non-residents alike. Taking this revenue stream away from the community would require the City to make reductions in services or look at other tax revenue streams to fill the gap. For example, in 2022, the extra \$.01 sales tax generated \$609,247.04 (\$499,582.57 for the general fund and \$109,664.47 for economic development). One mill of ad valorem tax in Kingman generates approximately \$17,630. The combined impact of the 2022 sales tax revenue is 34.56 mills. The City Commission has made financial decisions based upon this revenue stream. Any diminishing of it would severely hamstring the City Commission's goals for the community. The impact in Kingman County would also be felt beyond the city limits of Kingman. The local hospital has a small sales tax levy for its support and Kingman County has a sales tax for road improvements. Like the City, these entities would be impacted and would add to the hardships to be borne by city residents.

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The City Commission believes strongly in home rule. This proposed bill would override the wishes of Kingman residents and put operations in jeopardy. Suggestions that this revenue would be made up through some legislative function does not comport with home rule principles since the locality has already made its financial decisions and has done so for many years with regard to this issue. There can be no certainty that future legislatures will follow through on such "make good" provisions. This is totally unnecessary when the current system is working as envisioned by this community. There is no opposition if the State desires to remove its sales tax from grocery and food items since that is under the Legislature's direct control. However, the local sales tax should be exempt because the impacts experienced in Kingman will be similar across the state.

Thank you for your consideration of our position. Should you desire any further information, please do not hesitate to contact me.

Very truly yours,



Greg Graffman
City Manager

Cc: House Taxation Committee Members
Representative Michael Murphy
Senator Mark Steffen