



CITY OF TOPEKA

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OPPOSITION TESTIMONY

HOUSE COMMITTEE ON TAXATION

HB 2656

An Act concerning sales taxation; relating to countywide retailers' sales tax; discontinuing apportionment of revenue received for general purposes between the county and cities located therein.

**Douglas Gerber, Deputy City Manager
City of Topeka**

March 12, 2020

Chairman Johnson and Members of the Committee:

My name is Douglas Gerber and I serve as the Deputy City Manager for the City of Topeka. On behalf of the City, I appreciate the opportunity to appear before you today and express our grave concerns with the provisions of HB 2656.

The City of Topeka submits written and oral testimony for numerous bills throughout the legislative session. We almost always have a good sense of why a bill is being given consideration, even if the City of Topeka might disagree with the elements contained within the proposed bill. However, in the case of HB 2656, we lack a clear understanding of the need for this proposed action. Fundamentally, the genesis of the proposed action appears to stem from a dispute in one county with one city. However, the proponents of the bill are trying to change a formula that has worked for cities and counties since 1978.

As you are aware, HB 2656 would redirect all proceeds from a countywide sales tax to the county starting on July 1. In 2019, this bill would have resulted in \$264.9 million statewide being redistributed from cities to counties. In the City of Topeka, there would be a specific potential impact of \$65 million. Dollars spent within the boundaries of the City of Topeka generate over 90% of the entire sales tax in Shawnee County. It is baffling to the City of Topeka why those funds generated almost entirely in the City of Topeka would now be subject to external control and not available for use within the City of Topeka for roads, infrastructure, police and fire services, and other services that the City provides for our citizens on a daily basis. Sales tax comprises over \$65 million in Topeka's overall budget, over 32% of the City's general fund revenues, and provides a steady revenue stream that is not related to property tax. Losing this funding would have a devastating impact on our operations and our ability to meet the needs of our citizens.

On behalf of the City of Topeka, we respectfully ask that you not support HB 2656 and allow continuation of a process that has worked well for over 4 decades.

Thank you.

Doug Gerber