



# CITY OF HUMBOLDT

## OFFICE OF CITY ADMINISTRATION

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March 16, 2022

State of Kansas  
House Committee on Taxation

Greetings,

This written testimony is in opposition for HB 2738.

It's common knowledge that the current practice of the countywide sales tax being shared with municipalities has been in place for more than 40 years. That isn't a good reason not to change it. The good reasons not to change it are that it works, changing it would cause total chaos, and it will force more burden to property owners through increased mill levies. The fact that one county and one city cannot agree on how to spend the money is a very poor reason to change the law and impact 92 other counties and 491 other cities is not a good reason to change (my understanding is that only 93 counties collect a countywide sales tax and distribute to 492 cities).

Granted, counties could simply continue the practice, but some will not. Sunsetting taxes and elections to continue could fail causing substantial losses to both counties and cities, and worse loss of services and/or large property tax increases to compensate.

In 2022, the City of Humboldt budgeted to generate \$251,000 in local sales tax, \$134,000 in county sales tax, \$939,235 in property taxes and lesser amounts in motor vehicle and other taxes. The county sales tax represents 10% of our revenue and would require an increase of approximately 14 mills to recover the lost revenue.

The majority of Kansans and/or in Allen Countians, live within city limits, and the majority of taxes are generated within city limits. If there are countywide votes for sales taxes that will not benefit city voters, they will be defeated.

Humboldt uses the countywide sales tax in the General Fund which includes General Government, Police and Fire Departments, Municipal Court, Street and Parks Departments, Library, and a few other lesser line items.

These are the core functions of the City. Our General Fund budget for 2022 is \$1.86 million and we started the year with only \$400k – not even 90 days of operating cash on hand, so without alternate revenue, losing the county sales tax would deplete our General Fund in three years. The advice from our auditor

when I started was that there was no more to cut and that we have no choice other than to raise taxes to survive. We have very little waste.

I know about local government and local budget works. I can guarantee you that loss of this county sales tax will be detrimental to how we provide services that people expect. We cannot just drop law enforcement or billing for services. We will have to replace the lost funds, most likely through property tax increases.

The City of Humboldt strongly opposes HB 2738. I'm available anytime if you wish to discuss further.

Sincerely,

A handwritten signature in black ink, appearing to read "Cole Herder", with a long horizontal flourish extending to the right.

Cole Herder  
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