



March 16<sup>th</sup>, 2022

To: House Committee on Taxation  
From: The Governing Body of Valley Center Kansas

**Re: *Written Opposition to HB 2738 – Reallocation of Retailers' Sales Tax***

Dear Committee Members:

Thank you for your continued support and for representing Kansas in your roles. This letter is to voice the City of Valley Center's opposition to HB 2738. The City of Valley Center relies heavily on the sales tax funds distributed to the City from the 1% Sedgwick County sales tax. The City's ordinance regarding use of sales tax funds outlines a 50/50 distribution between the City's General Fund and Special Highway Fund. Total sales tax received in 2021 totaled \$1,472,584.18 which is equivalent to 24.87 mills based on the City's 2022 assessed valuation.

The sales tax allocated to our General Fund allows the City to reduce its overall mill levy. Without this distribution, the City would experience the equivalent of a **12.44 mill decrease** in our General Fund thus greatly impacting services such as police and fire protection, senior services, community development, parks and public buildings maintenance, and overall administration of the City.

The sales tax allocated to our Special Highway Fund ensures funding for the City of Valley Center Streets Program. This program allows the City to complete annual street maintenance including slurry seals, mill and overlay projects, and pothole mitigation. Sales tax dollars received from the current distribution formula allows the City to manage and maintain a set mill levy in our Bond and Interest Fund thus reducing the need for additional tax dollars.

Although HB 2738 allows for the County to enter into inter-local agreements regarding distribution of the county wide sales tax revenues, it does not define any type of decrease in distribution over time, therefore, the County could potentially stop distributions as of July 1, 2022. If this scenario were to occur, the City of Valley Center would not be able to meet current service needs without a massive increase in overall mill levy.

Based on this testimony, the City of Valley Center requests you to vote no on HB 2738.

Respectfully submitted,

Brent Clark  
City Administrator