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To: Senate Assessment and Taxation Committee
From: Allen J. Dinkel, City Manager, City of Junction City

Re: Testimony in Opposition to SB 87

Madam Chair Tyson and Committee Members, thank-you for the opportunity to provide written testimony in opposition to SB 87 on behalf of the City of Junction City. I understand this bill would redirect all proceeds from a countywide sales tax to the county. This would mean more than \$264 million being redistributed from cities to counties each year. A similar bill was introduced last year because of a dispute between one county and one city. The proponents of this bill are trying to change a formula that has worked well for cities and counties since 1978.

For the City of Junction City, it would be an extremely large loss. In 2020, the City received \$2,806,599.65 for their share of the countywide sales tax. In the case of Junction City and Geary County, a large percentage of the sales tax is generated within the City. We try to have a good working relationship with the County, but it is the City that provides fire, protection, police protection, Ambulance service and builds and maintains the streets and road to those businesses that generate sales tax within the City. It is also the City who leads the efforts to bring more businesses and industries to the area which in turn adds to sales tax revenue increases.

The City share of the countywide sales tax becomes a part of the city's general fund. To offset this loss the City would have to increase the mill levy by a little more than 16 mills or 33 percent. This places the burden on property taxes we all are concerned about. The other option would be to make cuts in essential services. This would equate to cutting over 80 percent of our Police force or not buying proper Fire and Ambulance Equipment or no longer maintaining and repairing streets or closing the Public Library, playgrounds, and parks.

Our city has held the mill levy at relatively the same rate since 2013. Meanwhile the City has greatly lowered the massive amount of General Obligation debt that was accumulated 10 to 15 years ago. The loss of the City share of the countywide sales tax would devastate our plans to continue to lower debt.

The property within the City of Junction City represents about 71 percent of the assessed valuation for Geary County and 68 percent of the residents of the County live in Junction City.

I am only representing the City of Junction City, but I believe every city in the State would be greatly adversely impacted if this bill would be allowed to become a law.

Based on this testimony, the City of Junction City requests you not to pass out SB 87.