



**Senate Committee on Assessment and Taxation
Hearing on Senate Bill 87
Hearing Date – February 11, 2021**

**Written Testimony in opposition to SB 87 on behalf of the City of Manhattan
By Ron Fehr, City Manager**

Good afternoon Chair Tyson, Vice Chair Alley and Honorable Members of the Senate Committee on Assessment and Taxation.

The City of Manhattan strongly opposes SB 87, discontinuing the apportionment of countywide retailers' sales tax imposed for general purposes between the county and cities located therein. The current distribution formula has worked well for cities and counties for over 30 years, and prying this revenue source from city governments would have drastic property tax impacts.

- Legislation directing all proceeds from a countywide sales tax to the county would result in major loss of revenue for 474 cities in Kansas. Statewide, there were **\$271.1 million** in distributions to cities from countywide sales tax for general purposes in 2020 alone.
- If such legislation were in effect during the 2020 budget year, the City of Manhattan would have lost **\$8.1 million** in sales tax revenues dedicated to city operations, capital improvement projects and debt service to keep property taxes down for city and county residents. Replacing this revenue in property taxes would result in roughly a **14 mill increase** in property taxes to maintain the same level of services and continue with required debt payments.
- In December 2020, **81% of all sales** in Riley County and **63% of all sales** in Pottawattamie County occurred within Manhattan city limits. Cities both large and small within county governments drive economic vitality through sales, and many county sales tax initiatives are passed by voters primarily living within city limits with the understanding of the cost share rules that exist. Removing such a vital revenue source from cities of which such revenue is derived from economic activity within those cities, would result in the decline of city services, economic competitiveness and overall quality of life. This would ultimately result in dramatically negative impacts to counties.

For all the reasons stated above, the City of Manhattan opposes SB 87, and asks the Committee to reject consideration of this legislation. Thank you for your time and consideration.