

To: The Special Committee on Taxation

From: John Goodyear, General Counsel

Date: November 13, 2023

I want to thank the members of the Committee for affording the League of Kansas Municipalities the opportunity to provide testimony in today's hearing.

Each of our member cities is unique in the services they provide and their ability to pay for those services. City and Countywide sales taxes have been a crucial piece to that funding puzzle since the legislature initially made allowances for their collection in the 1970s.

Cities are authorized to levy up to 2% sales tax for general purposes and up to an additional 1% for special purposes. The levy of these taxes must be approved by a vote of the public before taking effect. This statutory regime has largely worked for cities. This is evidenced by the fact that very few (if any) cities have sought legislation authorizing them to exceed the base taxing authority provided in state law. The League regularly works with cities as they consider the implementation of a sales tax, providing sample ordinances, purpose statements, and step-by-step timelines and explanations for the statutory process.

General countywide sales taxes are also approved by the electorate and apportioned pursuant to a formula found in state law with some of the revenue going to the cities in the county. The League supports the continued use of this formula for general countywide sales taxes to ensure that the funds are distributed in a way that ensures revenue is expended on governmental purposes all throughout the county. The League also supports the retention of sales tax revenue for county-based expenses when dedicated for a specific countywide purpose for which the county foots the bill when it is approved by the voters.

The League and our member cities would likely support legislation increasing the statutory caps on sales tax levy or a more streamlined process for the approval of a countywide dedicated tax. The best mechanism for ensuring that the purposes of a sales tax levy is a worthwhile cause is already in place. The voters provide that necessary check on their local government entities indicating the validity of the purpose and the capacity of the public to fund the stated expenditure.

Thank you again for allowing me to present at today's hearing. The League is always happy to weigh in on issues that affect our cities and to help in the crafting and refinement of legislation intended to make our communities stronger. We look forward to working with the Legislature on any proposals that come from the Special Committee.