



February 9, 2021

Written Testimony Regarding Senate Bill 87

Mark Manning, Finance Director, City of Wichita

The City of Wichita is opposed to Senate Bill 87.

Sales tax revenues is critical to the residents of the City of Wichita. Approximately \$63 million was received in 2020 based on the current distribution formula. Senate Bill 87 would end this revenue stream.

In 1985, the residents of Wichita and Sedgwick County partnered to pass a referendum authorizing a one cent County-wide sales tax. Of total county-wide collections, 58% is returned to the City of Wichita. This revenue is vital to maintaining and improving the infrastructure in the City of Wichita. Since 1985, the City of Wichita, in partnership with the Kansas Department of Transportation and Sedgwick County, has used these funds to improve over 13 miles of US 400, to build the K-96 freeway and to fund numerous road and bridge projects. SB 87 would eliminate this funding for infrastructure, which is a top priority for local residents.

The City's portion of the County-wide sales tax has been used since its passage to reduce local property taxes and fund vital services like Police and Fire. With the passage of the County-wide tax, the City reduced the local mill levy by over 8 mills. Senate Bill 87 would require either draconian spending reductions to essential services or a significant increase in the local mill levy rate.

The City has used the local sales tax as a revenue source for bonds outstanding. This currently includes \$84 million in bonds issued for freeway construction on road projects. These bonds also include a local general obligation backing, which means Senate Bill 87 would likely require the City to increase the Debt Service Fund mill levy rate to service this debt.

As one of only two first class cities in Kansas without a dedicated sales tax, the City relies on a portion of the Sedgwick County 1 cent sales tax to keep property taxes low, to help finance needed infrastructure improvements and to service debt. The City of Wichita respectfully and strongly opposes any legislation that would jeopardize these efforts, both of which are reflective of the priorities of local residents.