



CITY OF TOPEKA

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OPPOSITION TESTIMONY

HOUSE TAXATION COMMITTEE

HB 2738

**An Act concerning sales taxation; relating to countywide retailers' sales tax;
Discontinuing an Atchison countywide retailers' sales tax; allowing counties to decide whether to apportion
revenue between the county and cities located therein.**

**Whitney Damron
On behalf of the City of Topeka**

March 17, 2022

Chairman Smith and Members of the Committee:

On behalf of the City, I respectfully submit these remarks in opposition of HB 2738 that would discontinue city/county sales revenue-sharing agreements upon enactment of this legislation.

From legislative history and the heading of this bill, the City is aware this bill emanates from a dispute between elected officials in the City of Atchison and Atchison County. For whatever reason, they have been unable to work out their differences at the local level over sales tax distribution and again have brought their dispute to the statehouse. Unfortunately, their inability to resolve their differences has led to a bill that impacts all cities and counties and not just the city and county of Atchison.

At the option of the county, HB 2738 would redirect all proceeds from a new countywide sales tax to the county starting on July 1, 2022. In 2019, this bill would have resulted in **\$264.9 million** statewide being redistributed from cities to counties. The City of Topeka annually receives \$9.5 million from its city/county revenue sharing agreement from the countywide ½ cent sales tax. Dollars spent within the boundaries of the City of Topeka generate over 90% of the entire sales tax in Shawnee County. It is baffling to the City of Topeka why funds generated almost entirely in the City of Topeka would now be subject to external control and not available for use within the City of Topeka for roads, infrastructure, police and fire services, and other services that the City provides for our citizens on a daily basis. Sales tax comprises over \$65 million in Topeka's overall budget, over 32% of the City's general fund revenues, and provides a steady revenue stream that is not related to property tax. Losing this funding would have a devastating impact on our operations and our ability to meet the needs of our citizens.

On behalf of the City of Topeka, we respectfully ask that you not support HB 2738 and allow continuation of a process that has worked well for over four decades.

Thank you.

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