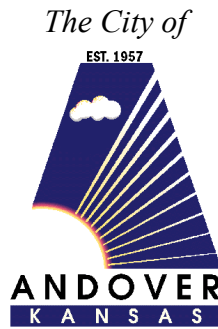


1609 E. Central Avenue
Andover, Kansas 67002



Phone (316) 733-1303
Fax (316) 733-4634
www.andoverks.com

Date: March 7, 2023
To: House Committee on Taxation
From: Jennifer McCausland, City Administrator, City of Andover, KS
Re: SB 248 – Written Opponent Testimony

Thank you, Chairman and Committee, for allowing me to submit testimony on SB 248. The City of Andover is currently opposed to this legislation as it reverses action previously approved by the local taxpayers.

Last year, the State Legislature reduced the state sales tax rate on groceries in an effort to help families. This was an honorable effort, as it did have economic benefit to families across Kansas. The effort was also appropriate in that the impact for the revenue reduction was contained within the budget the State Legislature annually approves.

This February the Senate Committee on Assessment and Taxation introduced a new bill that would take this initiative further. While on the floor, the bill was amended to include local sales tax. This is a clear **overreach of state government when you consider local sales taxes have all been approved by the voters.**

The City of Andover currently has two separate one cent sales taxes levied, both of which would be devastated if SB 248 in its current form is approved:

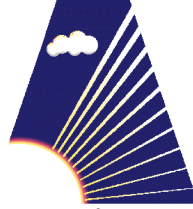
- Street Sales Tax – approved by voters in 1991 without a Sunset date for the purpose of building and maintaining roads
- Family Future Forward – 8-year temporary sales tax approved by a more than 2:1 ratio by voters in November 2021 for the purposes of:
 - Building a much needed second fire station in our city.
 - Remodeling our current fire station which was built in 1994, prior to the City having career, 24/7 fire crews
 - A complete overhaul and reconstruction of 13th Street Sports Park with many added public amenities
 - Building our first City park south of US54, at the new Fire Station location

The Street Sales Tax is frequently utilized by the City of Andover for “match” dollars for Kansas Department of Transportation (KDOT) or Federal Highway funding projects. Currently on the horizon, the City of Andover has the following plans and has pledged to use our 1 cent Street Sales tax for our portion of the following state and federal grants:

- BASE Grant awarded by Kansas Department of Commerce to extend Yorktown Parkway from Central Avenue to 13th Street.

The City of

EST. 1957



ANDOVER
KANSAS

1609 E. Central Avenue
Andover, Kansas 67002

Phone (316) 733-1303
Fax (316) 733-4634
www.andoverks.com

- BASE Grant awarded by Kansas Department of Commerce to build Founder's Parkway (backage road) along the soon-to-be freeway (US-54)
- RedBud Trail Bridge replacement that was removed by KDOT in 2014. The City of Augusta has secured a KDOT Cost Share Grant and the City of Andover has pledged a quarter of a million dollars towards the project, linking the trail between our two communities.
- Local match for IKE project to expand US54 into and ultimately through Andover.

Over the next two years, the City will issue \$30 million in bonds for these projects, with the plan to pay them back over time via sales tax proceeds. Like many cities across Kansas, groceries are critical to our sales tax revenue stream. Grocery sales tax accounts for **a quarter of our City's sales tax revenue** (Based on five-year average, 2018-2022).

The City of Andover committed to the cost shares and contracted for the construction projects alluded to above under a very sound set of assumptions. **The local sales tax is a voter-approved revenue stream with decades worth of data that was utilized in making financial projections.** By abruptly changing the rules and reversing the choice of the Andover, Kansas residents, the State Legislature is forcing the hands of the local government to turn to the only other revenue stream readily available: property tax increases. The message of openness and transparency from the State Legislature has been loud and clear in recent years: we, like cities across the state, will make it abundantly clear why we must raise the property tax rate. In that spirit of transparency, the needed increase in property tax rate, to make up this projected \$1.6 million annual shortfall, would be significant: 8 mils or a 20% increase in the City property tax rate.

Andover has a long-standing history of local support for sales tax initiatives and has used a local sales tax to pay for:

- Library
- Street Maintenance Shop
- Park Restrooms
- City Hall
- Fire Engine

Our voters regularly say yes to a sales tax because it is a *use* tax paid for by more than the 15,000 residents who live inside Andover's city limits who are therefore already shouldering the costs of the City's property tax.

For these reasons, on behalf of the City of Andover and our Governing Body, I respectfully ask the Committee to **Vote NO** on SB 248, or amend it so local sales tax levies on food, food ingredients and groceries are made whole again, **as is current law**. Thank you for your consideration.