



Date: March 10, 2023
To: House Taxation Committee
From: Tim Danneberg, City of Olathe
Subject: Opposition to SB 248

Chairman Smith and Honorable Committee members:

The City of Olathe stands in strong opposition to SB 248. The City estimates an annual \$8 million operational revenue loss should this become law*. That is equivalent to 3.3 mills of Olathe city property tax. It is highly problematic on several fronts.

Tax Burden Shift to Olathe Property Taxpayers. The loss of that level of sales tax revenue would require property tax revenue to fill the funding gap, **and it would dramatically impact or eliminate Olathe's ability to provide property tax relief again next year.** It would completely alter our approach to developing a budget for 2024.

Equitability of Taxes: 30% of sales taxes received in Olathe are paid by those living outside the city. The need to shift funding to property tax would mean Olathe taxpayers would incur 100% of lost revenue impact even though visitors benefit from city services and infrastructure.

Major Impacts to Operations: The annual estimated revenue loss would equate to nearly 70 police officer or firefighter positions. 70% of Olathe's operational budget is used for public safety and transportation and much of the remaining 30% supports those functions. It would not be possible to lose that revenue without operational impacts to those core areas.

Operational impacts could also be felt in our ability to serve the development needs generated by the nearby **Panasonic** facility. The City will likely need to plan for and process applications for new homes, developments and ancillary businesses locating in the area.

Again, SB 248 is highly problematic. It would all but eliminate Olathe's ability to provide property tax relief in the upcoming budget. In the cases of many other local Kansas communities, it could even eliminate their abilities to maintain current tax levels.

*Initial estimates calculated a loss of \$4.5 to \$5 million. However, subsequent analysis found the actual estimated loss to be \$8 million.