



March 9, 2023

Representative Adam Smith
Chairman, Committee on Taxation
Kansas House of Representatives
Room 185-N
300 SW 10th Avenue
Topeka, KS 66612

Shane Krull
County Administrator

RE: Senate Bill No. 248

Honorable Rep. Smith:

County government options for tax revenue are limited, largely depending on ad valorem tax and sales tax revenues to fund operations. Miami County has a long history of utilizing sales tax for broad and specific purposes to fund expenses. The voters in Miami County approved three separate sales taxes currently in place; a one-cent countywide sales tax, a quarter-cent sales tax for road & bridge infrastructure projects, and a quarter-cent sales tax for the detention center debt.

Identifying specific sales tax data at the local level is difficult due to the restrictions by the Department of Revenue to protect the financial interests of businesses. Local government receives a monthly distribution of each sales tax in place but no business or sector of business, i.e. grocery stores, information is provided. The University of Kansas provides an array of economic data concerning local governments across the state. In 2021, the NAICS code for food & beverages sold in Miami County resulted in sales tax totaling \$783,168 for the aforementioned local sales taxes. The total sales tax receipts for Miami County was \$6,245,762 in 2021. Food represented 12.54 percent of the collected sales tax in Miami County. Statistical data also showed an additional \$1,200,000 in sales taxes remitted from general merchandise stores included in the total sales tax. Food is believed to be part of said amount but no data exists to break it out.

The one-cent countywide sales tax, per statute, is distributed by the Department of Revenue to each city within the county and Miami County. Miami County receives roughly 62 percent of the collections based on state formula. This equated to \$3,951,127 in 2022. Per the ballot question approved by the voters, 25 percent of the total is allocated to the General Fund to offset dependency on ad valorem tax and 75 percent is allocated to the Road & Bridge Fund for the purpose of funding infrastructure improvements and maintenance.

The special quarter-cent sales tax dedicated to road and bridge infrastructure improvements sunsets after five years and voters approved the sales tax each time since 2001. \$1,619,951 was collected in 2022. Over the five-year period of each tax cycle, the revenue is used for specific road and bridge projects throughout the county and cities. The money is often used as matching funds for KDOT local projects and the County's upcoming \$1,500,000 cash contribution to the K-68 Highway \$46,000,000 four-lane expansion project

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in partnership with KDOT. The attachment outlines the historical use of revenue since 2001. It's important to note the leverage Miami County utilized with the sales tax to gain other revenue from the state and federal governments.

The other special quarter-cent sales tax is dedicated solely to paying the long-term debt financing utilized to construct the Miami County Detention Center. The cost of the project was \$19,000,000 and sunsets when the debt is retired. The annual payments vary slightly each year depending on how the coupons were arranged by the debt payment and equates to nearly \$1,000,000 annually. The remaining \$619,951 is applied to the debt coverage reserve, which should allow Miami County to pay the debt off 10-12 years early based on current collections. The interest savings are substantial due to the County's ability to pay off select coupons early and the remaining debt at least a decade ahead of schedule.

The potential loss of over 12 percent of Miami County's sales tax revenue jeopardizes the county commission's stewardship of a taxpayer resource. The loss of sales tax revenue in the General and Road & Bridge Funds will result in reductions of services such as public safety and/or road maintenance or result in the need to raise other taxes to cover the shortage. As a county experiencing population growth, Miami County is facing significant funding pressures to meet citizen demands. The two separate quarter-cent sales taxes loss of revenue will require infrastructure projects to be reduced and likely add expense to the Detention Center debt service because the repayment period will not be shortened to the extent once forecast.

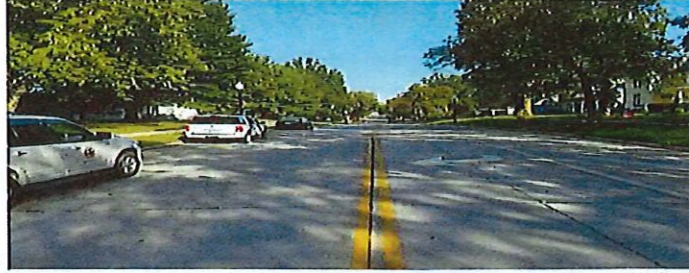
Miami County asks that local sales taxes continue to be collected on all food and beverage sales as it exists today.

Sincerely,



Shane Krull
County Administrator

**PROGRESS REPORT ON QUARTER SALES TAX DOLLARS AT WORK FROM 2001 TO 2019
PROPOSED RENEWAL QUARTER SALES TAX PROJECTS FOR 2021-2026**

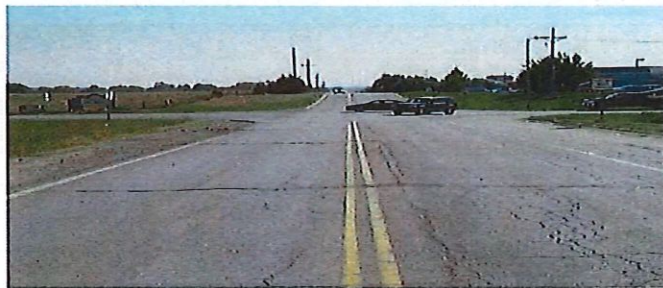


Paola, 303rd and Hedge Lane Intersection Completed

Osawatomie, Main Street 6th to 12th Streets Completed

Roads and Bridges are a necessary function of our everyday life. Below are Infrastructure projects from 2001 and a list of future projects.

The quarter cent represents 25 cents of every \$100 spent. This fund reduces the amount of property taxes needed for road and bridge work. Since the start of this program, sales tax funding has allowed Miami County to capture additional source funding of an additional \$16 Million by matching funds in Federal and State grant money.



Louisburg, Metcalf 2.0

Spring Hill, 223rd Street and Webster Street

City Projects Under Consideration For Next 5-year Renewal Quarter Sales Tax (2021-2026)		Quarter Cent Sales Tax Funding Estimate
Louisburg, Metcalf 2.0		\$ 500,000
Osawatomie, 6th Street Improvement		\$ 500,000
Paola, Hedge Lane/Baptiste Drive geometric reconfiguration and signalization improvements		\$ 500,000
<ul style="list-style-type: none"> • Roadway improvements on Industrial Park Road – resurfacing of the east section of the roadway and creation of turn lanes at various points. • Roadway improvements on Hedge Lane north of 303rd • Resurfacing of Silver Street/Old KC Road • Extension of Pearl Street south to Legion/swimming pool area 		
Spring Hill, 223rd & Webster Intersection Improvement		\$ 500,000
	Total	\$ 2,000,000
County Projects Under Consideration For Next 5-year Renewal Quarter Sales Tax (2021-2026)		Quarter Cent Sales Tax Funding Estimate
Intersection & Bridge 287th Street & Osawatomie Rd		\$ 700,000
Mill, Overlay & Widen Old KC Road south of Paola		\$ 450,000
Bridge Deck Polymer, Mill & Overlay, Old KC Rd, Osawatomie City limits to 335th Street		\$ 600,000
Mill, Overlay & Widen, Metcalf Road, K68 to 247th Street		\$ 950,000
Bridge Widen, Ridgeview to Lackman		\$ 500,000
Bridge Replacement Lookout Road south of 287th Street		\$ 400,000
	Total	\$3,600,000

City Projects 2001 to Current	Additional Source Funding / Federal or State Grant Funding	Quarter Cent Sales Tax Funding
Fontana, Street Asphalt Overlay	\$ 6,140	\$ 10,000
Funds allocated to Loulsburg		\$ 50,000
Louisburg K-68 Hwy & Metcalf Ave Intersection Improvement		\$ 500,000
Louisburg, Lewis Young Park Rd Reconstruction	\$ 156,561	\$ 200,000
Funds allocated to Osawatome		\$ 50,000
Osawatome, Main Street Rehabilitation Project		\$ 500,000
Osawatome, 343rd Street Reconstruction	\$1,638,301	\$ 344,821
Funds allocated to Paola		\$ 50,000
Paola, Hospital Drive Stop Lights		\$ 500,000
Paola Street Improvements, Hedge Lane, Hospital Dr., 303 St.		\$ 200,000
Funds allocated to Spring Hill		\$ 30,000
Spring Hill, 223rd & Webster Intersection Improvement		\$ 500,000
Spring Hill, 223rd Street Study		\$ 199,413
Spring Hill, 223rd Street Improvement		\$ 9,636
Total	\$1,801,002	\$3,143,870
County Projects 2001 to Current	Additional Source Funding / Federal or State Grant Funding	Quarter Cent Sales Tax Funding
Old KC Rd Hillsdale Bridges Replacement	\$ 970,501	\$ 1,570,691
Jingo Road Asphalt Overlay		\$ 244,732
Broadway Bridge Replacement		\$ 566,047
Jenson Drive Bridge Replacement		\$ 449,312
John Brown Pressonville Road Intersection	\$ 300,000	\$ 579,981
Bull Creek Bridge Rehabilitation	\$ 1,283,310	\$ 505,825
295th & Metcalf Intersection Improvement		\$ 402,081
223rd Street RR Underpass	\$ 8,189,349	\$ 918,349
Bridge Rehabilitation Old KC Rd north of Osawatome	\$ 309,147	\$ 524,217
287th & Old KC Rd Intersection Reconstruction	\$ 555,555	\$ 291,135
Bridge Replacement Osawatome Rd north of 375th	\$ 549,414	\$ 24,750
Culvert Replacement 271st Street west of Jingo Road	\$ 41,610	\$ 10,000
Bridge Deck Replacement Hedge Lane over Middle Creek	\$ 10,262	\$ 327,893
Bridge Replacement 255th Street west of Columbia Road		\$ 868,411
Bridge Rehabilitation 303rd Street over Bull Creek W of Paola		\$ 1,241,388
Bridge Redeck on 247th Street east of Quivira Rd		\$ 857,492
Bridge Rehabililtation Osawatome 8th Street Creamery Bridge	\$ 25,060	\$ 399,290
Bridge Replacement Hedge Lane south of 311th Street	\$ 830,000	\$ 767,000
Bridge Replacement 223rd Street east of Cedar Niles Rd		\$ 1,084,378
Bridge Replacement Plum Creek Rd south of 399th Street		\$ 622,699
Bridge Replacement Spring Valley Road south of 255th Street		\$ 720,000
Bridge Replacement 263rd Street east of Somerset	\$ 484,000	\$ 203,722
Louisburg, Metcalf 2.0	\$ 3,100,000	\$ 750,000
Total	\$16,648,208	\$13,929,393

Below Pictured are two Proposed 2021-2026 Bridge Projects for consideration



223rd Street West of Renner Rd., Bridge FAS 340



Lookout Road South of 287th, Bridge I-14.1