



Pete Meitzner
Chairman
Commissioner - First District

BOARD OF COUNTY COMMISSIONERS
SEDGWICK COUNTY, KANSAS

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Date: February 9, 2021

To: Chair Smith, House Committee on Taxation

Re: Testimony Opposing HB 2142

From: Peter F. Meitzner, Chairman, Board of County Commission, 1st District Commissioner

Chairman Smith and members of the Committee,

I wish to submit testimony on behalf of the Board of County Commissioners of Sedgwick County in opposition to HB 2142. While this bill addresses any businesses shut down by the County for any reason, its real purpose appears to undermine the County's efforts, as the Board of Health, to address the COVID-19 pandemic. It imposes an unfunded mandate on Sedgwick County, ultimately affecting our citizens and taxpayers. Moreover, making this mandate retroactive to December 31, 2019, fails to account for the fact that these tax dollars were received, spent, and used to provide much needed County services to residents and businesses in Sedgwick County in 2020. As a result, the County would have no choice but to drastically reduce current services in order to reimburse these businesses.

A County staff analysis of the bill concluded that in the case of the closures/limitations from mid-March 2020 through January 2021, the total estimated fiscal impact would range from \$25 million to \$50 million. Based on the timing proposed in this bill, Sedgwick County would need to make these payments from the 2021 General Fund; however, the 2021 budget was set in August 2020. Consequently, Sedgwick County's only option would be to cut services in a way that would affect every resident. Looking to the future, the County's only option would be to reduce services or increase taxes.

To put this potential loss of County services in more context, the total spending from Sedgwick County's General Fund in 2020 was \$192 million. That General Fund spending included \$58 million on the Sheriff's Department, \$12 million on the District Attorney's Office, \$12 million on the Corrections Department, \$9 million on Emergency Communications, and \$18 million on Public Works. The estimated fiscal impact of this bill represents 26% of 2020 spending in the General Fund. Throughout 2020, Sedgwick County employees, including health department, law enforcement, fire, EMS, prosecutors, and public works employees, risked their lives and health to

stay on the job, and none of these affected businesses experienced a reduction in vital government services.

In addition, HB 2142 places a disproportionate burden on Sedgwick County government as opposed to other county taxing districts. It would require the County to not only reimburse County tax dollars, but also reimburse *all* of the applicable taxing entities. Sedgwick County's portion of the average business' property tax assessment is roughly 25-30%. This bill does not provide a way for counties to claw back those tax funds from these other taxing entities.

There would certainly be an unfair burden and transfer of wealth from residential taxpayers and some businesses in favor of certain business and commercial property owners. This unfortunately would be the inevitable result as Sedgwick County continues to remain financially solvent as we provide necessary County services. Many of the businesses affected by the COVID-19 pandemic received support from Federal tax dollars and there is Federal legislation aimed at allocating more money to them. Sedgwick County allocated over \$10 million in CARES Act funds to support local businesses in 2020. The County gave financial support to approximately 1,300 business and nonprofits totaling \$6.3 million and employing roughly 13,200 Kansans. We have allocated additional funding related to economic revitalization of more than \$1.9 million. Moreover, Sedgwick County distributed nearly 10,000 PPE kits to businesses and non-profit organizations, spending a total of \$3 million on that endeavor. The County focused this spending in an effort to keep businesses open and as an alternative to mandatory closures.

Despite these efforts, this proposed legislation attempts to punish counties that allowed a health officer to impose closures/limitations. It is also inconsistent with the Legislature's previous position that the County should have ultimate control over whether such limitations by the health officer remain in effect. Whether this bill is intended to address health officer's orders or business closings in general, either way it interferes with Sedgwick County's ability to regulate businesses. If the Legislature does not want Counties to regulate businesses then it should have the State of Kansas take over all such regulation and reimburse businesses from State funds. HB 2142 will impose a huge cost on Sedgwick County and ultimately, its tax base. Therefore, on behalf of the Sedgwick County Commission I respectfully ask that you oppose HB 2142 for the reasons previously mentioned.

Thank you for your consideration.

