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## County-wide Sales Tax Discussion

- There have been some questions about the county-wide sales tax discussion that was prompted by city of Wichita officials last week – thought staff would present some preliminary information to clarify what’s being said.
- First, we remind everyone that **Sedgwick County is following state law** in the distribution of the sales tax that was voted on by the citizens of Sedgwick County in 1985. There is a distribution calculation determined by the state – we are following that distribution. Unless state law is changed, we will continue to follow that distribution.
- This proposal as we see it is a **concept being proposed by two city officials** – it is not clear if this is a City Council proposal or if it has support of the entire council. We are not sure there has been discussion with the city council to understand if there is consensus or even if there is a detailed plan for how any additional revenue to the city would be used.
- After a preliminary review, we want to point out that what appears to be the underlying assumptions are flawed – for two reasons.
  - **First, sales tax revenue paid is NOT tracked** to a zip code or household or taxpayer. All the sales tax collected by businesses in Sedgwick County is sent to the state and aggregated in a distribution back to Sedgwick County. It is a simply a guess or estimation regarding any connectivity between population base and sales tax paid.
  - Second, the two city officials **define revenue generated from three areas** – city of Wichita residents, other municipalities’ residents, and unincorporated area residents. **In fact, a significant share of sales tax is paid by people who live OUTSIDE Sedgwick County.** People who we welcome to our community to shop, dine, visit entertainment venues, stay in hotels – as well as those who come to our community for conventions – spend money and sales tax. In a document from last year’s failed city sales tax bid, Yes Wichita indicated that an estimated 1/3 of sales tax is paid by people outside of Wichita. So, clearly this would skew all the numbers differently and the pie chart should be redrawn.
- Finally, want to remind everyone that the **Sedgwick County share of this sales tax is used for two purposes:** roads and bridges and property tax relief. This means, of the \$14.7 million (estimated for 2016) received by the County for property tax relief -- If we assume that the 76% of Sedgwick County population resides in the city of Wichita, then city residents are benefiting from approximately \$11.3 million of that property tax relief. And, related to this, there are many services that are county-wide services – COMCARE, Aging, Health, Adult and Youth Corrections, CDDO, 911, EMS, Regional Forensic Science Center, Extension and other Culture and Recreation services that are provided to ALL residents of the county, paid by County property tax, of which a great share are used predominantly by city of Wichita residents.
- This is a very preliminary review –staff can spend more time evaluating and analyzing this information, but at this point, it seems more like a concept rather than a full-thought out plan, and perhaps we should wait to hear more from the City Council.