



TESTIMONY OF THE KANSAS ASSOCIATION OF COUNTIES
TO THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE
ON SB 54

FEBRUARY 17, 2011

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to submit neutral testimony on SB 54.

Kansas counties are concerned about the loss of revenues from cereal malt beverage, which is currently licensed and regulated by local government. The bill creates a local CMB sales tax fund, which distributes monies back to cities and counties.

We have two concerns about the new funding mechanism:

1. We cannot estimate the fiscal impact of the new fund. We do not know if this legislation will increase or decrease revenues for locals. We do anticipate that amounts distributed to counties under the proposal will be different from current law, as the bill creates a distribution formula based on a weighted population average, whereas under current law the counties selling CMB are the ones who earn the sales tax.
2. The new fund sits with the State Treasurer, and therefore is subject to appropriation by the Kansas legislature. As you know, other revenue streams intended for local government, i.e., demand transfers, have been eliminated and the monies captured by the State instead. Therefore, we fear that this local funding stream will eventually be taken over by the State.

We ask that the committee take into consideration the effects of SB 54 on local revenues as it works the bill. We appreciate your careful analysis of the bill.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Melissa A. Wangemann", is written over the typed name.

Melissa A. Wangemann
General Counsel and Director of Legislative Services