

Kansas Local Government Revenue Options

Revenue Source	Benefits	Challenges	Equity	Example
Taxes				
<p>Local option sales tax Up to 4% total tax between county and city on goods sold</p> <p>Legal basis: K.S.A. 12-187</p>	<ul style="list-style-type: none"> Local governments have broad discretion on how revenue is spent. State manages collection and redistribution, keeping administration burden low for local governments. 	<ul style="list-style-type: none"> Capped at 4% between the county ($\leq 1\%$) and city ($\leq 3\%$ with $\leq 2\%$ for general purposes and $\leq 1\%$ for special purposes). State legislation can grant an exemption for exceeding rate limits. Must pass a public referendum. 	Does not exempt certain “necessities” like groceries from the tax, creating a disproportionate burden on lower income taxpayers.	284 local jurisdictions in Kansas have a local option sales tax. The average is ~1.5% tax but some go as high as 3.25%.
<p>Utility sales tax (also called franchise fees) Local tax on utilities that are exempt from the state sales tax (including electrical, gas, propane, heat; landline, mobile, cell phone services; and cable TV).</p> <p>Legal basis: K.S.A. 12-187</p>	<ul style="list-style-type: none"> Local governments have broad discretion on how revenue is spent. State manages collection and redistribution, keeping administration burden low for local governments. 	<ul style="list-style-type: none"> Must pass a public referendum. 	Taxes utilities that are typically considered necessities, creating a disproportionate burden on lower income taxpayers	Olathe , Kansas collects a 5% franchise fee on electric, gas, telephone, and cable service providers in city limits.
<p>Intangible income tax 0.125% – 2.25% tax on earnings and dividends from savings accounts, stocks, bonds, mutual funds, trusts, etc.</p> <p>Legal basis: K.S.A. 12-1101</p>	<ul style="list-style-type: none"> Does not count towards the 4% local option sales tax. Local governments have broad discretion on how revenue is spent. 	<ul style="list-style-type: none"> Must be approved by voters. Not as common as the local option sales tax. 	Can increase equity as it taxes wealth instead of necessities. However, will raise more revenue in wealthier communities, increasing regional inequalities.	Riley County , Kansas has a 0.75% intangible income tax.
<p>Countywide retailers’ sales tax 0.1% sales tax dedicated to stormwater management and flood control that is available to any county that has entered into an interlocal agreement (as outlined in K.S.A. 12-2901).</p> <p>Legal basis: K.S.A. 19-3311</p>	<ul style="list-style-type: none"> Encourages county and cities within county to cooperate for stormwater management and flood control. Does not count towards local option sales tax cap. Referendum not required to implement. 	<ul style="list-style-type: none"> A public notice must be issued. If 4% or more of voters oppose the measure, it will be put to a referendum. 	Similar to the local option sales tax, certain “necessities” are not exempted from the tax, creating a disproportionate burden on lower income taxpayers.	Johnson County policy has four countywide sales taxes, including a .1% tax for stormwater.

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Fees and Districts				
<p>Stormwater utility fee Monthly or annual fee used to improve infrastructure. Fees can be a flat fee or calculated based on lot size, property value, impervious square footage, etc.</p> <p>Legal basis: K.S.A. 12-6a02</p>	<ul style="list-style-type: none"> Local government has broad discretion imposing and collecting fees, defining fee structure, and spending revenue. Broadly adopted in Kansas, so low political hurdles. Predictable revenue. 	<ul style="list-style-type: none"> Fees vary widely between communities. Fees and fines are costly to design, assess, and collect. 	<p>Flat rates impose a disproportionate burden on lower income landowners. Segmented pricing structures can improve equity outcomes. For example, a sliding fee based on property values or impermeable surface will be more equitable than a flat fee.</p>	<p>Flat rate: Coffeyville, Kansas has a flat stormwater utility fee of \$7/month for residents and \$15/month for nonresidents.</p> <p>Calculated rate: Shawnee, Kansas charges a stormwater utility fee based on impervious area on a property (\$72 per equivalent residential unit or 2,773 sq. feet of impervious area on a property).</p>
<p>Community improvement district Imposes special assessments on property owners in district, as well as an additional sales tax of up to 2%</p> <p>Legal basis: K.S.A. 12-6a26</p>	<ul style="list-style-type: none"> Can finance public or private real estate projects (including associated stormwater management, green infrastructure, and flood control measures) within the boundaries defined by the district. Can be used to repay municipal bonds and debt financing. Can set % private cost-share actions within the district 	<ul style="list-style-type: none"> Sales tax is only assessed within district boundaries. Adds another layer of government. Can be a politically controversial process to create and must be approved by more than 50% of property owners. Stormwater management, green infrastructure, and flood control projects funded must be within district boundaries, so benefits are often very localized. 	<p>Often implemented for redevelopment projects that can lead to gentrification.</p>	<p>Community improvement districts are a common strategy in Kansas communities. For example, the Manhattan Town Center Community Improvement District levies an additional 0.75% sales tax in Manhattan, Kansas.</p>
<p><i>Note:</i> Transportation development districts and tax increment finance districts operate similarly to community improvement districts but have different restrictions. Transportation development districts are restricted to financing public infrastructure, whereas community improvement district can be used to finance public and private projects. Tax increment finance districts cannot impose new sales taxes and instead capture revenue from existing sales taxes and property tax increases.</p>				