

CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
NOVEMBER 20, 2007 AGENDA

Subject:	Type:	Submitted By:
LOCAL OPTION SALES TAX — CONTINUATION OF ½ PERCENT OPTION	RESOLUTION ORDINANCE ◆ RECEIVE/FILE	PAMELA A. BUETHE CITY CLERK

SYNOPSIS

La Vista's one-half cent sales tax will sunset on July 1, 2010. The City's one cent local option sales tax continues in perpetuity (*there is currently a total local option sales tax of 1 ½ %*). This item has been placed on the agenda to begin discussion about placing the question of continuing the one-half cent sales tax on the May 2008 primary election ballot.

FISCAL IMPACT

Currently, the one-half cent optional sales tax is utilized for major street improvement projects and other capital expenditures. Since FY2000, the one-half cent option has provided an annual average of \$808,833 in funding for said projects. If this amount were annually replaced with property tax dollars, it would require an increase of approximately \$.09 in the City's current property tax levy of \$0.5235 (a 17% increase in property taxes). This change in property taxes would increase a homeowner's tax bill for city services (on a home valued at \$150,000) from \$785 per year to \$920 per year.

RECOMMENDATION

No action is requested at this time.

BACKGROUND

In December of 1984, the City established a one percent local option sales tax which continues in perpetuity and funds are used for the day to day cost of providing city services, such as police, fire, and public works.

On June 19, 1990, the City Council adopted Ordinance 504 authorizing an additional one-half of one percent (0.5%) local option sales tax, following a successful referendum. The additional one-half of one percent local option sales tax included a "sunset" or end date of the one-half percent option on July 31, 2000. Those funds were dedicated by the City Council to be used for street improvements and other capital expenditures.

On January 19, 1999, the City Council adopted Ordinance 759 continuing the additional one-half of one percent (0.5%) local option sales and use tax following another successful referendum by special election on November 3, 1998, which included a "sunset" date of July 1, 2010. (*Original sunset date of July 31, 2010 was amended in November, 2000 to reflect state regulation that it must sunset on the first day of a calendar quarter.*)

As the City continues to age and grow, additional street improvements and capital expenditures have been projected beyond 2010. As a result, it is recommended that the City ask the voters to approve continuation of the one-half percent sales tax for at least another ten year period.

The alternative of funding road improvements with sales tax dollars versus property tax dollars is an appropriate way of shifting the burden of taxation from La Vista residents (property tax) to a broader base (sales tax) which reflects *shoppers* in La Vista that are both residents and non-residents. Additionally, as a part of a metropolitan community a significant amount of *wear and tear* on City roads is by non-residents — which again supports the use of sales tax dollars for road improvement projects.

Since the local one-half percent option was enacted the City has had the following trend in sales tax revenue:

Fiscal Year	One-Half Percent Revenue
FY00	\$680,479
FY01	\$717,131
FY02	\$909,953
FY03	\$735,086
FY04	\$788,179
FY05	\$820,905
FY06	\$837,748
FY07	\$939,771

The one-half percent sales tax revenue has paid for all or a portion of the following major street improvement projects/capital expenditures:

- Widening of Harrison Street (4 lanes/divided) from 72nd to 90th Street (Pine Drive)
- Widening of Giles Road (4 lanes/divided) from 72nd to 107th
- Cornhusker Road (*Portal Road*) from 96th to 100th Street
- 66th Street from Giles Road to Harrison Street
- 84th Street and Park View Blvd. Improvements
- 96th Street from Giles Road to Cornhusker Road (*Portal Road*)
- 78th Street and Harrison Signalization
- 72nd Street Pedestrian Crossing Signalization and improvements (various crossings)
- Sports Complex Improvements (parking areas)
- 114th Street Improvements North of Giles
- 84th Street Improvements from Harrison to Giles
- Realign Cornhusker/Portal/107th St. with 108th and Giles and full signalization (in progress)
- 132nd Street and West Giles Road (preliminary)
- Annual Street Resurfacing projects
- Annual Sidewalk District Improvements

Should the Mayor and City Council choose to move forward with placing this question on the May 2008 Primary Election ballot, the recommended timeline would be:

- Council discussion regarding the continuation of ½ % tax November 20, 2007
- Council directs the Election Commissioner to place tax question on the May ballot (Resolution) February 5, 2008
- Deadline to have resolution to Election Commissioner March 1, 2008
- Local Option Sales Tax on the Ballot (Primary Election) May 13, 2008

If the referendum passes:

- Council approves continuation of the ½ % Sales Tax (Ordinance) July 15, 2008
- Tax continuation becomes effective July 1, 2010

** If the voters do not approve continuation of the sales tax, the City could not place the question on the ballot for another 23 months.*

For your reference, a copy of the 1998 Resolution by Council to place the question of continuing the existing one-half cent local option sales tax is attached.

1998
Resolution
+ Ballot
Question

RESOLUTION NO. 98-119

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF LA VISTA, NEBRASKA DIRECTING THE SARPY COUNTY ELECTION COMMISSIONER TO PLACE ON THE NOVEMBER 10, 1998 GENERAL ELECTION BALLOT THE QUESTION OF CONTINUING THE EXISTING ONE-HALF CENT LOCAL OPTION SALES TAX IN THE CITY OF LA VISTA FOR A TEN YEAR PERIOD PURSUANT TO SECTION 77-27,142 R.R.S. FROM August 1, 2000, THROUGH July 31, 2010.

WHEREAS, the City of La Vista has had a local option sales tax of one percent since December of 1984 which continues in perpetuity; and

WHEREAS, on June 19, 1990, by ordinance no. 504, the Mayor and City Council adopted an ordinance to establish an additional one-half cent sales and use tax effective October 1, 1990 and ending July 31, 2000, which revenues have been solely allocated for major street improvement projects; and

WHEREAS, the additional one-half cent sales and use tax has generated over \$3,500,000 to date and has allowed the City to fund major street improvement projects such as the widening of Harrison to four lanes/divided from 72nd to 90th (Pine Drive), the widening of Giles to four lanes/divided from 72nd to 107th (some portions in progress), the paving of Cornhusker from 96th to 100th, the paving of 66th Street from Giles to Harrison, and the paving of 96th Street from Giles to Cornhusker (in progress); and

WHEREAS, the Mayor and City Council have identified major street improvement projects and other capital expenditures (estimated cost of \$4,000,000) to be undertaken over the next ten (10) years; and

WHEREAS, the Mayor and City Council deem it appropriate to submit to the voters of the City of La Vista the question regarding continuation of the one-half cent sales and use tax.

NOW THEREFORE BE IT RESOLVED, by the Mayor and City Council of the City of La Vista, Nebraska, that the following questions be submitted to a vote of the qualified electors of the City of La Vista at the general election to be held November 10, 1998:

"Shall the governing body of the City of La Vista continue its current optional sales and use tax of one-half of one percent upon the same transactions within the City of La Vista on which the State of Nebraska is authorized to impose a tax, for a ten (10) year period ending July 31, 2010 to pay for major street improvements projects and other capital expenditures?"

If a majority of the votes cast upon such questions shall be in favor of such sales tax continuation, then the governing body of the City of La Vista shall be empowered, as provided by §77-27,142 et. seq., and shall forthwith proceed to continue the sales tax pursuant to the Local Option Revenue Act. If a majority of those voting on the questions shall be opposed to such sales

tax continuation, the governing body of the City of La Vista shall not, until approved by the voters of the City of La Vista, increase such sales tax.

PASSED AND APPROVED THIS 4TH DAY OF AUGUST 1998.



CITY OF LA VISTA



Terrilyn Quick, Acting Mayor

SLSTX.DOC

OFFICIAL MUNICIPAL ELECTION BALLOT

CITY OF LA VISTA LOCAL SALES TAX CONTINUATION PROPOSITION

A vote "For" this proposal will authorize the Mayor and City Council of the City of La Vista to continue its current optional sales and use tax of one-half of one percent upon the same transactions within the City of La Vista on which the State of Nebraska is authorized to impose a tax, for an additional ten (10) year period ending July 31, 2010 to pay for major street improvement projects and other capital expenditures. A vote "Against" will deny authorization to continue the current optional sales and use tax of one-half of one percent beyond its expiration date of July 31, 2000.

"Shall the Governing Body of the City of La Vista continue its current optional sales and use tax of one-half of one percent upon the same transactions within the City of La Vista on which the State of Nebraska is authorized to impose a tax, for a ten (10) year period ending July 31, 2010 to pay for major street improvement projects and other capital expenditures?

- For
- Against"