

**CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
JULY 19, 2022 AGENDA**

Subject:	Type:	Submitted By:
LOCAL OPTION SALES TAX — CONTINUATION OF ½ PERCENT OPTION FOR MAJOR STREET IMPROVEMENT PROJECTS AND OTHER CAPITAL EXPENDITURES	◆ RESOLUTION ORDINANCE RECEIVE/FILE	PAM BUETHE CITY CLERK

SYNOPSIS

A resolution has been prepared to approve placement of the question of continuing the one-half percent sales tax for an additional thirty (30) years on the November 8, 2022 general election ballot.

FISCAL IMPACT

In FY2021, the one-half percent sales tax generated over \$35M in funding for major street improvement projects and other capital expenditures. If the annual revenue of \$2.6M were replaced with property tax dollars, it would require an increase of approximately \$.11 in the City's current property tax levy of \$0.5400 (21% increase). This change in property taxes would increase a homeowner's tax bill for city services (on a home valued at \$169,100) from \$913 per year to \$1,103 per year.

RECOMMENDATION

Approval.

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.)*

On August 19, 2009 the City Council adopted Ordinance 1071 continuing the additional one-half of one percent (0.5%) local option sales and use tax following another successful referendum in the primary election on May 13, 2008, which included a "sunset" date of July 1, 2025 (Sunset of previous referendum July 1, 2010).

As the City continues to age and grow, additional street improvements and capital expenditures have been projected beyond 2025. As a result, it is recommended that the City ask the voters to approve continuation of the one-half percent sales tax for an **additional thirty (30)** 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, over \$35M has been generated to fund a variety of public infrastructure projects.

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

- 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)
- Annual Street Resurfacing projects
- Annual Sidewalk District Improvements
- West Papio Trail
- Keystone Trail
- 96th & Brentwood Signal
- 132nd & West Giles Improvements
- 120th & Giles Signal
- Harrison Street Bridge

Should the Mayor and City Council choose to move forward with placing this question on the November 2022 General Election ballot, the recommended timeline would be:

- Council directs the Election Commissioner to place tax question on the May ballot (Resolution) July 19, 2022
- Deadline to have resolution to Election Commissioner September 1, 2022
- Local Option Sales Tax on the Ballot (General Election) November 8, 2022

If the referendum passes:

- Council approves continuation of the ½ % Sales Tax (Ordinance) January 17, 2023
- Tax continuation becomes effective July 1, 2025

** 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.*

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF LA VISTA, NEBRASKA ORDERING SUBMISSION OF BALLOT QUESTION AT THE 2022 GENERAL ELECTION TO CONTINUE THE ADDITIONAL ONE-HALF OF ONE PERCENT (1/2%) CITY SALES AND USE TAX FOR AN ADDITIONAL THIRTY YEARS BEGINNING JULY 1, 2025 AND ENDING JULY 1, 2055 TO PAY FOR MAJOR STREET IMPROVEMENT PROJECTS AND OTHER CAPITAL EXPENDITURES, CLARIFYING SCOPE, AND AUTHORIZING FURTHER ACTIONS.

WHEREAS, the City's current two percent (2%) sales and use taxes pursuant to the Local Option Revenue Act are comprised of the following:

1. The first one and one-half percent (1½%) consists of a one percent (1%) perpetual sales and use tax approved November 20, 1984 by Ordinance No. 363 ("Perpetual One Percent") and an additional one-half of one percent (½%) sales and use tax enacted June 19, 1990 by Ordinance No. 504, continued by Ordinance No. 759, as amended, and further continued by Ordinance No. 1071 for an additional fifteen years ending July 1, 2025, with revenues from such additional ½% used to pay for major street improvement projects and other capital expenditures ("Additional One-Half of One Percent for Major Street Improvement Projects and Other Capital Expenditures"), and
2. An additional one-half of one percent (½%) sales and use tax approved on June 3, 2014 by Ordinance No. 1215 to fund and pay costs of public infrastructure projects within the 84th Street Redevelopment Area ("Additional One-Half of One Percent for Public Infrastructure in 84th Street Redevelopment Area"), and continuing for the longer of ten years or complete payment of any bonds with respect to which the Additional One-Half of One Percent for Public Infrastructure in 84th Street Redevelopment Area is pledged for payment; and

WHEREAS, the Additional One-Half of One Percent for Major Street Improvement Projects and Other Capital Expenditures is set to end July 1, 2025; and

WHEREAS, the Additional One-Half of One Percent for Major Street Improvement Projects and Other Capital Expenditures generates substantial revenues for major street improvement projects and other capital expenditures of the City; and

WHEREAS, the Mayor and City Council have identified additional major street improvement projects and other capital expenditures to be undertaken by the City; and

WHEREAS, the Mayor and City Council deem it appropriate to submit to the voters of the City the question of whether to continue the Additional One-Half of One Percent for Major Street Improvement Projects and Other Capital Expenditures for an additional 15 years.

NOW THEREFORE BE IT RESOLVED, by the Mayor and City Council of the City of La Vista, Nebraska that the following are adopted and approved:

1. Recitals above are incorporated into this Resolution by reference.

2. The Mayor and City Council propose to continue the Additional One-Half of One Percent for Major Street Improvement Projects and Other Capital Expenditures for an additional 30 years beginning July 1, 2025 and ending July 1, 2055.

3. A question proposing to continue such tax shall be submitted at the 2022 General Election within the City of La Vista at which all qualified voters of the City shall be entitled to vote on such question, in form and content as follows, subject to any additions, subtractions, or modifications as the City Administrator or her designee determines necessary or advisable ("Question"):

"Shall the governing body of the incorporated municipality - the City of La Vista - continue the additional local sales and use tax of one-half of one percent ($\frac{1}{2}\%$), which is part of the first one and one-half percent ($1\frac{1}{2}\%$) of the City's current two percent (2%) sales and use tax rate, for an additional thirty (30) years beginning July 1, 2025 and ending July 1, 2055, and continue to impose a sales and use tax of the additional one-half of one percent ($\frac{1}{2}\%$) upon the same transactions within such municipality on which the State of Nebraska is authorized to impose a tax, with revenues generated by the additional one-half of one percent ($\frac{1}{2}\%$) to be used for major street improvement projects and other capital expenditures?"

If a majority of the votes cast upon such Question shall be in favor of continuing such additional one-half of one percent tax, then the governing body of the City shall be empowered as provided by Neb. Rev. Stat. §77-27,142 and shall forthwith proceed to continue to impose such tax pursuant to the Local Option Revenue Act. If a majority of those voting on the Question shall be opposed to continuing such additional one-half of one percent tax, then the governing body of the City shall not continue to impose such a tax and the tax will end effective July 1, 2025 unless subsequently approved by voters in accordance with applicable law.

4. Neither the Perpetual One Percent nor the Additional One-Half of One Percent for Public Infrastructure in 84th Street Redevelopment Area shall be affected by this Resolution. The Perpetual One Percent and the Additional One-Half of One Percent for Public Infrastructure in 84th Street Redevelopment Area each shall continue and remain in effect notwithstanding anything in this Resolution, the Question, results of the 2022 General Election, or any other action in connection with the Additional One-Half of One Percent for Major Street Improvement Projects and Other Capital Expenditures.

5. The Mayor, City Administrator or City Clerk, or any designee of the Mayor, City Administrator or City Clerk, shall be authorized to take any actions on behalf of the City Council or City as the Mayor, City Administrator or City Clerk, or any such designee determines necessary or appropriate to carry this Resolution or any actions approved in this Resolution, including without limitation executing any documents or instruments, certifying or submitting this Resolution, providing any notice, or submitting the Question at the 2022 General Election in form and content approved in section 3 above, subject to any additions, subtractions, or modifications as City Administrator or her designee determines necessary or advisable.

PASSED AND APPROVED THIS 19TH DAY OF JULY 2022.

CITY OF LA VISTA

Kim J. Thomas, Acting Mayor

ATTEST:

Pamela A. Buethe, MMC
City Clerk

OFFICIAL BALLOT

City of La Vista

Proposal to Continue Additional One-half of One Percent (1/2%) City Sales and Use Tax

Shall the governing body of the incorporated municipality - the City of La Vista - continue the additional local sales and use tax of one-half of one percent ($\frac{1}{2}\%$), which is part of the first one and one-half percent ($1\frac{1}{2}\%$) of the City's current two percent (2%) sales and use tax rate, for an additional thirty (30) years beginning July 1, 2025 and ending July 1, 2055, and continue to impose a sales and use tax of the additional one-half of one percent ($\frac{1}{2}\%$) upon the same transactions within such municipality on which the State of Nebraska is authorized to impose a tax, with revenues generated by the additional one-half of one percent ($\frac{1}{2}\%$) to be used for major street improvement projects and other capital expenditures?

- ☐ Yes (in favor of continuing the additional $\frac{1}{2}\%$ tax)
- ☐ No (opposed to continuing the additional $\frac{1}{2}\%$ tax)