

**CITY OF LA VISTA  
MAYOR AND CITY COUNCIL REPORT  
FEBRUARY 18, 2014 AGENDA**

<b>Subject:</b>	<b>Type:</b>	<b>Submitted By:</b>
LOCAL OPTION SALES TAX — ADDITIONAL ½ PERCENT (84 <sup>TH</sup> STREET REDEVELOPMENT)	◆ RESOLUTION ORDINANCE RECEIVE/FILE	BRENDA S. GUNN CITY ADMINISTRATOR

**SYNOPSIS**

A resolution has been prepared to approve placing on the May 2014 primary election ballot the question of increasing the local sales and use tax rate an additional one-half of one percent from 1½ % to 2% for the redevelopment of 84<sup>th</sup> Street.

**FISCAL IMPACT**

One-half of one percent (½ %) sales tax generates approximately \$1.1 million annually.

**RECOMMENDATION**

Approval.

**BACKGROUND**

Redevelopment of the 84<sup>th</sup> Street Corridor has been one of the City Council's top strategic priorities over the past several years. According to the results of the most recent National Citizens survey, citizens agree as 40% of the survey respondents identified 84<sup>th</sup> Street improvements as the top priority for the City.

In 2009 the City embarked on a community visioning process that led to the development of Vision 84, a plan for the redevelopment of the 84<sup>th</sup> Street corridor, along with the Civic Center Park Master Plan, one of the major components of the overall plan. Vision 84 is a far-reaching and extensive plan designed to transform the area from substandard and blighted into a vibrant and sustainable mixed use development.

The Redevelopment Plan adopted by the City Council on July 16, 2013, identified several major public improvements that would be necessary including:

- Storm Water Management Facilities
- Rehabilitation of 84<sup>th</sup> Street Pavement
- New intersections along 84<sup>th</sup> Street Corridor
- Bridge or structure to provide a pedestrian underpass or other crossing of 84<sup>th</sup> Street
- Facilitate pedestrian connections of the trail system
- Decorative street lighting & landscaping
- Traffic signal modernization
- Provisions to enhance/facilitate Multi-Modal Transportation

At this time, the City has no other revenue sources sufficient enough to begin funding the types of public improvements identified in the Vision 84 Plan and subsequent Redevelopment Plan. Additionally, in order to leverage monies available through public or private foundation grants, revenue matches are often necessary.

It is estimated that a ½% percent sales and use tax would generate annual revenue of approximately \$1.1 million. Funding the redevelopment of 84<sup>th</sup> Street 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.

Should the Mayor and City Council choose to move forward with placing this question on the May 2014 Primary Election ballot, the recommended timeline would be:

- Council directs the Election Commissioner to place tax question on the May ballot (Resolution) February 18, 2014
- Deadline to have resolution to Election Commissioner March 1, 2014
- Local Option Sales Tax on the Ballot (Primary Election) May 13, 2014

If the referendum passes:

- Council approves additional ½ % Sales Tax (Ordinance) June 3, 2014
- Additional sales & use tax becomes effective October 1, 2014

*\* 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.*

#### **La Vista Sales Tax History**

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 (½%) 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 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 (½%) 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, 2008 the City Council adopted Ordinance 1071 to continue the ½% sales and use tax again based on the successful referendum on the May 2008 primary election ballot. This sunsets on July 1, 2025.

In 2012 the Nebraska Legislature passed LB 357 which would allow La Vista to increase the local option sales and use tax by one-half of one percent if approved by voters to fund public infrastructure projects or voter-approved infrastructure related to an economic development program.

The ballot question is included with this report.

**RESOLUTION NO. \_\_\_\_\_**

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF LA VISTA, NEBRASKA PURSUANT TO THE LOCAL OPTION REVENUE ACT PROPOSING AND SUBMITTING TO VOTERS AT THE 2014 PRIMARY ELECTION AN INCREASE OF THE LOCAL SALES AND USE TAX RATE OF AN ADDITIONAL ONE-HALF OF ONE PERCENT FROM ONE AND ONE-HALF PERCENT (1 ½ %) TO TWO PERCENT (2%)

WHEREAS, the City of La Vista local sales and use tax rate currently is one and one-half percent (1 ½ %) pursuant to Nebraska Statutes Section 77-27,142, and Ordinance No. 363 and Ordinance No. 1071, respectively; and

WHEREAS, State Statute Section 77-27,142, upon an affirmative vote of at least 70% of all of the members of the governing body of the City of La Vista, permits the City to submit to voters a proposal to increase the City sales and use tax to a rate greater than one and one-half percent (1 ½ %) at a primary or general election held within the City; and

WHEREAS, the City desires to propose to qualified electors of the City at the 2014 primary election to increase the City's sales and use tax rate by an additional one-half of one percent (1/2 %) from one and one-half percent (1 ½ %) to two percent (2%); and

WHEREAS, a proposed ballot question for such purpose is submitted with this Resolution.

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

1. The Mayor and City Council hereby propose to increase the City of La Vista sales and use tax rate by an additional one-half of one percent (1/2 %) from one and one-half percent (1 ½ %) to two percent (2%).
2. Said proposal to increase the City of La Vista sales and use tax rate by an additional one-half of one percent (1/2%) from one and one-half percent (1 ½ %) to two percent (2%) shall be submitted to a vote of qualified electors of the City of La Vista at the May 2014 primary election.
3. The question, in form and content presented with this Resolution as "OFFICIAL BALLOT – CITY OF LA VISTA - PROPOSAL TO INCREASE LOCAL SALES AND USE TAX RATE" and incorporated herein by this reference, is hereby approved and shall appear on the ballot for qualified electors of the City of La Vista at the May 2014 primary election, subject to any modifications the City Administrator or her designee determines necessary or advisable.
4. The City Clerk or her designee is authorized, directed and ordered to submit said question by attesting to and submitting a certified copy of this Resolution to the Election Commissioner or County Clerk in accordance with applicable law.
5. The City Administrator or her designee is hereby authorized and directed to

take any other actions as necessary or appropriate to carry out the actions approved in this Resolution, including without limitation providing any notice required of the governing body or otherwise by applicable law.

PASSED AND APPROVED THIS 18TH DAY OF FEBRUARY, 2014.

CITY OF LA VISTA

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Douglas Kindig, Mayor

ATTEST:

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Pamela A. Buethe, CMC  
City Clerk

OFFICIAL BALLOT  
CITY OF LA VISTA  
PROPOSAL TO INCREASE LOCAL SALES AND USE TAX RATE

**Shall the governing body of the incorporated municipality – the City of La Vista - increase the local sales and use tax rate by an additional one-half of one percent ( $\frac{1}{2}\%$ ) from the current rate of one and one-half percent ( $1\frac{1}{2}\%$ ) to a rate of two percent (2%) and impose a sales and use tax at the increased rate upon the same transactions within such municipality on which the State of Nebraska is authorized to impose a tax, with all revenues generated by the additional one-half of one percent ( $\frac{1}{2}\%$ ) to be used for public infrastructure projects within the 84<sup>th</sup> Street Redevelopment Area?**

- ☐ Yes  
☐ No

**A “Yes” Vote:** If a majority of the votes cast upon such question shall be in favor of increasing such local sales and use tax rate by an additional one-half of one percent ( $\frac{1}{2}\%$ ), then the governing body of such incorporated municipality - the City of La Vista - shall be empowered as provided by Section 77-27,142 of the Nebraska Statutes and shall forthwith proceed to increase the local sales and use tax rate from one and one-half percent ( $1\frac{1}{2}\%$ ) to two percent (2%) and impose a sales and use tax at the increased rate pursuant to the Local Option Revenue Act, **with all revenues generated by the additional one-half of one percent ( $\frac{1}{2}\%$ ) to be used for public infrastructure projects within the 84<sup>th</sup> Street Redevelopment Area.**

**A “No” Vote:** If a majority of those voting on the question shall be opposed to such an increase of the local sales and use tax rate by an additional one-half of one percent ( $\frac{1}{2}\%$ ), then the governing body of the incorporated municipality shall not impose such a tax increase and the local sales and use tax rate will remain unchanged at one and one-half percent ( $1\frac{1}{2}\%$ ).

**Additional Information Regarding Proposed Local Sales and Use Tax Rate Increase**

**Projects to be funded; savings, efficiencies and affect on other taxes or fees:** Additional revenues collected from increasing the sales and use tax rate by one-half of one percent ( $\frac{1}{2}\%$ ) will be used to fund in whole or in part and pay costs of public infrastructure projects, as defined in Nebraska Statutes, Section 77-27,142, within the 84<sup>th</sup> Street Redevelopment Area that otherwise would be funded or payable from other taxes, fees or revenues, including without limitation, property, occupation, or sales and use taxes.

**Years revenue collected; payment of bonds:** The increased sales and use tax rate will be implemented and related revenues collected beginning as soon as practicable after voter approval and continuing for a period of ten years unless bonds are issued with some or all of the additional revenues pledged for payment of such bonds, in which case the increased sales and use tax rate

will remain in effect and additional revenues will be collected until payment in full of such bonds and any refunding bonds.

**Interlocal Agreement.** The Cities of La Vista and Papillion and the Papillion Rural Fire Protection District entered an interlocal agreement for the long term development of unified governance of public infrastructure projects, specifically as relating to the cooperative use of public buildings and capital equipment to provide fire department and emergency medical services for the joint and mutual benefit and protection of said Cities and District. Additional revenue collected from increasing the sales and use tax rate by one-half of one percent ( $\frac{1}{2}\%$ ) will be used to fund in whole or in part public infrastructure projects within the 84<sup>th</sup> Street Redevelopment Area, and none (0%) as initially projected will be used for purposes of the interlocal agreement.