

**CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
JANUARY 15, 2008 AGENDA**

Subject:	Type:	Submitted By:
LOCAL OPTION SALES TAX — CONTINUATION OF ½ PERCENT OPTION	◆ 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 fifteen (15) years on the May 2008 primary election ballot.

FISCAL IMPACT

Since FY2000, the one-half percent sales tax has provided an annual average of \$808,833 in funding for major street improvement projects and other capital expenditures. If this amount were 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

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.)*

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 an **additional fifteen (15)** 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)
- 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 directs the Election Commissioner to place tax question on the May ballot (Resolution) January 15, 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.*

RESOLUTION NO. _____

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 MAY 13, 2008 PRIMARY ELECTION BALLOT THE QUESTION OF CONTINUING THE EXISTING ONE-HALF CENT LOCAL OPTION SALES TAX IN THE CITY OF LA VISTA FOR A FIFTEEN YEAR PERIOD PURSUANT TO SECTION 77-27, 142 R.R.S. FROM AUGUST 1, 2010 THROUGH JULY 1, 2025.

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 and an extension of this one-half cent sales and use tax effective August 1, 2000 through July 1, 2010 which revenues have been solely allocated for major street and capital improvement projects; and

WHEREAS, the additional one-half cent sales and use tax has generated over \$6,500,000 from August 1, 2000 to date and has allowed the City to fund major capital improvement projects such as improvements to 84th Street and Park View Blvd., signalization at 78th and Harrison, 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, and realign Cornhusker/Portal/107th St. with 108th and Giles and full signalization (in progress; and

WHEREAS, the Mayor and City Council have identified major street improvement projects and other capital expenditures to be undertaken over the next fifteen (15) 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 May 13, 2008:

“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 fifteen (15) year period ending July 1, 2025 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 15TH DAY OF JANUARY, 2008.

CITY OF LA VISTA

Douglas Kindig, Mayor

ATTEST:

Pamela A. Buethe, CMC
City Clerk