



City of Grand Island

Tuesday, August 14, 2018

Council Session

Item I-2

**#2018-196 - Consideration of Approving Proposed Ballot Language
for 1/2 Cent Increase to Sales Tax**

Staff Contact: Marlan Ferguson

Council Agenda Memo

From: Jerry Janulewicz, City Attorney

Meeting: August 14, 2018

Subject: Additional ½ Percent Sales Tax

Presenter(s): Marlan Ferguson, City Administrator
Jerry Janulewicz, City Attorney

Background

Nebraska Statutes permit cities to impose or increase city sales tax at a rate greater than 1½ percent. The tax generated by the rate that exceeds 1½ percent must be used for public infrastructure projects and must terminate no later than 10 years from the effective date of the increase unless the revenue generated by the increased rate is pledged for the repayment of the bonds, in which case the increased rate may continue until the bonds are paid. The proposal to increase the tax rate above 1½ percent requires adoption of a resolution passed by a vote of at least 70 percent of all the members of the council, and must be approved by majority vote of the electorate at a primary or general election.

In addition to the requirements stated above, as a condition of imposing sales tax at the increased rate, Neb.Rev.Stat. § 77-27,142 requires a city be a party to an interlocal agreement with a political subdivision within the city or the county creating a separate legal or administrative entity relating to a public infrastructure project. The interlocal agreement must contain provisions, including benchmarks, relating to the long-term development of unified governance of public infrastructure projects with respect to the parties. The separate legal or administrative entity created cannot not be one that was in existence for one calendar year or more preceding the submission of the question of such tax or increase at a primary or general election. City administration is recommending approval of an Interlocal agreement with the Grand Island Community Redevelopment Authority, which is submitted concurrently as a separate resolution.

Discussion

The proposed resolution, if approved by council, would submit the following issue to the city electorate at the 2018 general election:

Shall the City Council of the City of Grand Island increase the local sales and use tax rate by an additional one-half of one percent (1/2%) from the current rate of one and one-half

percent (1 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 the City on which the State of Nebraska is authorized to impose a tax, with 100% of the revenue from the increased rate to be used for the following projects: (1) public highways; (2) municipal streets, bridges, and sidewalks; (3) buildings and capital equipment used in the operation of city government; (4) parking facilities; and (5) public safety equipment necessary for the provision of city public safety services, which increased rate shall terminate not more than ten years after the effective date of the increased sales and use tax or if some or all of the revenue is pledged for payment of bonds, until the payment in full of such bonds and any refunding bonds, whichever date is later, and shall increase its budgeted restricted funds for fiscal year 2019-20 by \$5,500,000, sixteen percent (16%) over the 2018-19 restricted funds, to permit the expenditure of revenue from the increased rate?

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve and adopt the resolution.

Sample Motion

Move to approve Resolution #2018-196.

RESOLUTION 2018-196

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, PURSUANT TO THE NEBRASKA LOCAL OPTION REVENUE ACT, PROPOSING AND SUBMITTING TO VOTERS AT THE 2018 GENERAL ELECTION AN INCREASE OF THE LOCAL SALES AND USE TAX RATE OF AN ADDITIONAL ONE-HALF OF ONE PERCENT (1/2%) FROM ONE AND ONE-HALF PERCENT (1 1/2%) TO TWO PERCENT (2%) AND INCREASE ITS BUDGETED RESTRICTED FUNDS.

WHEREAS, the City of Grand Island local sales and use tax rate is currently one and one-half percent (1 1/2%); and

WHEREAS, pursuant to the authority provided by Neb. Rev. Stat. §77-27,142, upon an affirmative vote of at least seventy percent (70%) of all of the members of its governing body, a city may submit to qualified electors of the city a proposal to increase the city sales and use tax to a rate greater than one and one-half percent (1 1/2%) at a primary or general election held within the city; and

WHEREAS, the City Council desires to propose to qualified electors of the City at the next general election the question whether the City's sales and use tax rate should be increased an additional one-half of one percent (1/2%) and increase its budgeted restricted funds for fiscal year 2019-2020 by \$5,500,000, sixteen percent (16%) over the current year's restricted funds, to permit the expenditure of revenue from such increased rate; and

WHEREAS, pursuant to Neb.Rev.Stat. §77-27,142, revenue from a sales and use tax rate in excess of one and one-half percent (1 1/2%) shall be used for public infrastructure projects, which means and includes, but is not limited to, any of the following projects, or any combination thereof: Public highways and bridges and municipal roads, streets, bridges, and sidewalks; solid waste management facilities; wastewater, storm water, and water treatment works and systems, water distribution facilities, and water resources projects, including, but not limited to, pumping stations, transmission lines, and mains and their appurtenances; hazardous waste disposal systems; resource recovery systems; airports; port facilities; buildings and capital equipment used in the operation of municipal government; convention and tourism facilities; redevelopment projects; mass transit and other transportation systems, including parking facilities; and equipment necessary for the provision of municipal services; and

WHEREAS, it is proposed that the revenue from such increased tax, if approved, be devoted to the following projects or any combination thereof (1) public highways; (2) municipal streets, bridges, and sidewalks; (3) buildings and capital equipment used in the operation of city government; (4) parking facilities; and (5) public safety equipment necessary for the provision of city public safety services: and

| | |
|---------------------|-----------------|
| Approved as to Form | □ _____ |
| August 10, 2018 | □ City Attorney |

WHEREAS, the proposed ballot question for such purposes is submitted with this Resolution.

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

Section 1. The Mayor and City Council hereby propose to increase the City of Grand Island sales and use tax rate by an additional one-half of one percent (1/2%) from one and one-half percent (1 1/2%) to two percent (2%) and increase the City's budgeted restricted funds for fiscal year 2019-20 by \$5,500,000, sixteen percent (16%) over the 2018-19 fiscal year restricted funds.

Section 2. The proposal to increase the City of Grand Island sales and use tax rate by an additional one-half of one percent (1/2%) shall be submitted to a vote of qualified electors of the City of Grand Island at the November 2018 general election.

Section 3. The question, in form and content presented with this Resolution as Exhibit A--"OFFICIAL BALLOT - CITY OF GRAND ISLAND - PROPOSAL TO INCREASE LOCAL SALES AND USE TAX RATE AND BUDGETED RESTRICTED FUNDS" and incorporated herein by this reference, is hereby approved and shall appear on the ballot for qualified electors of the City of Grand Island at the November 2018 general election.

Section 4. The City Clerk or her designee is authorized, directed, and ordered to submit said questions by attesting to and submitting a certified copy of this Resolution to the Election Commissioner in accordance with applicable law.

Section 5. The Mayor and City Clerk are 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 notice of the submission of the question increasing such tax not more than thirty (30) days nor less than ten (10) days previous to the election, by publication one time in one or more newspapers published in or of general circulation in the municipality. Such notice shall be in addition to any other notice required under the general election laws of the state.

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Adopted by the City Council of the City of Grand Island, Nebraska, August 14, 2018.

Jeremy L. Jensen, Mayor

Attest:

RaNae Edwards, City Clerk

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OFFICIAL BALLOT
CITY OF GRAND ISLAND
PROPOSAL TO INCREASE THE LOCAL SALES AND USE TAX RATE AND
BUDGETED RESTRICTED FUNDS

Shall the City Council of the City of Grand Island increase the local sales and use tax rate by an additional one-half of one percent (1/2%) from the current rate of one and one-half percent (1 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 the City on which the State of Nebraska is authorized to impose a tax, with 100% of the revenue from the increased rate to be used for the following projects: (1) public highways; (2) municipal streets, bridges, and sidewalks; (3) buildings and capital equipment used in the operation of city government; (4) parking facilities; and (5) public safety equipment necessary for the provision of city public safety services, which increased rate shall terminate not more than ten years after the effective date of the increased sales and use tax or if some or all of the revenue is pledged for payment of bonds, until the payment in full of such bonds and any refunding bonds, whichever date is later, and shall increase its budgeted restricted funds for fiscal year 2019-20 by \$5,500,000, sixteen percent (16%) over the 2018-19 restricted funds, to permit the expenditure of revenue from the increased rate?

_____ Yes. (For the Additional Tax and Increase in Restricted Funds Budget)

_____ No. (Against the Additional Tax and Increase in Restricted Funds Budget)

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 (1/2%) to a rate of two percent (2%), then the City of Grand Island shall be empowered to increase the local sales and use tax rate to two percent (2%), the revenue from such increased rate shall be used for the purposes specified and the increased rate shall terminate as provided, and the City shall be authorized to increase its budgeted restricted funds for fiscal year 2019-2020 by \$5,500,000, which is sixteen percent (16%) over the current year's restricted funds, to permit expenditure of revenue from the increased tax rate.

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 (1/2%), then the governing body of the City of Grand Island shall not impose such a tax rate increase and the budgeted reserves shall not be increased as provided.

EXHIBIT A