



City of Grand Island

Tuesday, November 20, 2018

Council Session

Item F-2

**#9714 – Consideration of Imposing an Additional One-Half
Percent Sales Tax**

Staff Contact: Marlan Ferguson

Council Agenda Memo

From: Jerry Janulewicz, City Attorney

Meeting: November 20, 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. At the November 6, 2018 general election, the city's electorate authorized enactment of an additional one-half percent (1/2%) city sales and use tax 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. The ballot measure also authorized an increase of the City's 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.

Discussion

Through approval of the sales and use tax ballot question by the City's electorate at the November 6, 2018 general election, the City of Grand Island is empowered to increase the local sales and use tax rate by one-half percent (½%) to two percent (2%) with the revenue from such increased rate to be used for the purposes and for such time as set forth above. In addition, the City is 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.

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 ordinance.

Sample Motion

Move to adopt Ordinance No. 9714.

ORDINANCE NO. 9714

An ordinance to adopt an additional one-half (1/2) cent sales and use tax in the City of Grand Island, Hall County, Nebraska; to provide for filing with the Nebraska Tax Commissioner a certified copy of this Ordinance, a certified map of the City of Grand Island, a certified copy of the election results, and a statement from the Hall County Election Commissioner indicating that the question of imposing a sales and use tax within the City of Grand Island has not been voted on and failed within the twenty-three months preceding the November 6, 2018 general election to the Nebraska Tax Commissioner; and to provide for publication and the effective date of this ordinance.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA:

SECTION 1. By reason of the approval of the voters of the City of Grand Island at the general election held on November 6, 2018, Grand Island does hereby impose a sales and use tax of an additional one-half of one percent upon the same transactions within the City on which the State of Nebraska is authorized to impose a tax pursuant to the Nebraska Revenue Act of 1967, as amended from time to time, and such sales and use tax shall be in addition to the one percent sales and use tax imposed by the City in Ordinance No. 7600 and in addition to the one-half of one percent sales and use tax imposed by the City in Ordinance No. 8910, and the administration of such sales and use taxes shall be by the Nebraska Tax Commissioner pursuant to Neb. Rev. Stat. §77-27,143.

SECTION 2. The sales and use tax imposed by this Ordinance shall commence on the first day of the next calendar quarter which is at least one hundred twenty days following

Approved as to Form	▣ _____
November 16, 2018	▣ City Attorney

ORDINANCE NO. 9714 (Cont.)

receipt by the Tax Commissioner of a certified copy of this Ordinance as set forth in Neb. Rev. Stat. §77-27,143.

SECTION 3. The proceeds of the sales and use taxes imposed by this Ordinance shall 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.

SECTION 4. By reason of the approval of the voters of the City of Grand Island at the general election held on November 6, 2018, the City of Grand Island 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.

SECTION 5. After passage and adoption of this Ordinance, the City Clerk is hereby directed to mail a certified copy of this Ordinance together with a certified map of the City of Grand Island, a certified copy of the election results and a statement from the Hall County Election Commissioner indicating that the question of imposing a sales and use tax within the City of Grand Island has not been voted on and failed within the twenty-three months preceding the November 6, 2018 general election to the Nebraska Tax Commissioner.

SECTION 6. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

SECTION 7. This ordinance shall be in full force and effect from and after its passage, approval, and publication as provided by law.

ORDINANCE NO. 9714 (Cont.)

Enacted: November 20, 2018.

Jeremy L. Jensen, Mayor

Attest:

Aaron Schmid, City Clerk Pro Tem