

City of Scottsbluff, Nebraska

Monday, December 21, 2015

Regular Meeting

Item Reports3

Council discussion of LB 357 proposal and give directions to staff.

Staff Contact: Rick Kuckkahn, City Manager

Cindy: The attached draft of a Resolution should be included in the packet for Monday night – for the discussion concerning the additional LB357 Sales Tax. I will be covering the meeting on Monday – so will be there to answer questions. I have highlighted certain portions of the draft of the Resolution where City Council input is particularly needed. Feel free to include this email in the packet as background.

The particular areas where input from the Council members is needed (as highlighted) are:

1. The types of infrastructure projects to be included. What is in the Resolution now is a list of the types of projects that can be funded with the additional sales tax as per Nebraska law. We wanted the Council members to be aware of all of the options and they can provide direction to those that they would like eliminated.
2. The City must partner with another governmental entity and enter into an Interlocal Agreement. The creation of a Community Redevelopment Authority (“CRA”) has been discussed for some time, but the Council decided at the presentation that was made in August to put it on hold for consideration of until the next budget year, since a decision as to funding the CRA was critical. We have done the research on the staff level and can have a CRA Ordinance ready to go by the next meeting, if that is the desire of the Council. There are many options as to other entities that could be used, but we felt that the CRA gave the City the greatest amount of flexibility.
3. A portion of the additional one-half cent City Sales Tax can be used to fund the newly created Interlocal Agency. This may also be a way to provide funding for the CRA. The down side to this is, of course, that any such portion of those funds will not be available for public infrastructure.
4. The term of the additional one-half cent tax is 10 years or the length of time need to pay off bonds for the funded projects, whichever is longer. If, however, at least 1/8% is used for funding the Interlocal Agency, then that portion of the tax (rounded to ¼%) goes on indefinitely. To further explain, this would mean that of the additional one-half cent sales tax, 1/8 of a cent (or 25% of the additional tax) would be used for funding the Interlocal Agency and the other 3/8 of a cent would be used for public infrastructure. We have not completed our research on what the Interlocal Agency could use the 1/8 cent for, as the statute provides no guidance in that area, but can do further investigation.

Nathan, Liz and I participated in a phone conference with Scott Keene of Ameritas Investments on Thursday. Since most of the projects funded with the additional sales tax will be bonded, Liz contacted Scott for input from the bonding perspective. Scott provided a lot of good input and has offered to have their bond counsel review our Resolution to make sure that we avoid issues that have come up in other communities when it came to bonding their projects. We should have that input prior to the next City Council meeting.

Rick L. Ediger

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RESOLUTION NO. 16- ____

**BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF
SCOTTSBLUFF, NEBRASKA:**

a. The City currently imposes a City Sales and Use Tax in the amount of 1.5% pursuant to the Local Option Revenue Act, sections 77-27,142, *et seq.* of the Nebraska Statutes (the “Existing City Sales and Use Tax”)

b. The City is in need of additional revenue in order to provide for public infrastructure projects.

c. §77-27,142 of the Nebraska Statutes allows the City Council to impose an additional one-half of one percent (1/2%) sales tax in addition to the Existing City Sales and Use Tax for the purpose of funding public infrastructure projects, following an election at which a majority of the qualified electors of the City approve such additional sales and use tax;

Resolved by the Mayor and City Council of the City that:

1. At the May 10, 2016 primary election, the following proposition in the form shown below shall be submitted to the qualified electors of the City for their approval or disapproval at the primary election:

Shall the City Council of the City of Scottsbluff, Nebraska increase the local sales and use tax rate by an additional one-half of one percent (½%) from the current rate of one and one-half percent (1½%) to a total 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, subject to the terms and conditions set out below?

_____ Yes (For increasing the Sales and Use Tax)

_____ No (Against increasing the Sales and Use Tax)

Terms and Conditions: The terms and conditions of the proposition are as follows:

a. No reductions or elimination of other taxes or fees is contemplated.

b. Revenues from the increased sales and use tax are to be used for public infrastructure projects as are allowed pursuant to §77-27,142 of the Nebraska Statutes, including, but not limited to, 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 as defined in §18-2103 of the Nebraska Statutes; mass transit and other transportation systems, including parking facilities; and equipment necessary for the provision of municipal services.

c. The City and the Community Redevelopment Authority of the City of Scottsbluff have entered into an interlocal agreement which created a separate administrative entity for purposes of the interlocal agreement, related to public infrastructure projects. The interlocal agreement contains provisions, including benchmarks, relating to the long-term development of unified governance of public infrastructure projects with respect to the parties. A portion of the rate greater than one and one-half percent, such portion being at least one-eighth percent (1/8%), shall be imposed for the purpose of the interlocal agreement.

d. The increased sales and use tax shall terminate no more than ten years after the effective date of the increased sales and use tax or, if bonds are issued and the local option sales and use tax revenue is pledged for payment of such bonds, upon payment of such bonds and any refunding bonds, whichever date is later, except that the portion of the rate is greater than one and one-half percent imposed for the purpose of the interlocal agreement referred to above (rounded to the next higher one-quarter percent shall not terminate.

2. Electors desiring to vote in favor of or against the proposition shall do so in the manner specified in the ballot form as provided by the Scotts Bluff County Clerk.

3. The primary election shall be conducted by the Scotts Bluff County Clerk at polling places established by the County Clerk in each of the City's precincts. The polls shall be open from 7:00 a.m. through 7:00 p.m. on the day of the general election.

4. The following notice required by law shall be published in the Star-Herald, a legal newspaper of general election in the City not more than 30 days nor less than 10 days before the date of the election. The notice shall be in substantially the following form:

**City of Scottsbluff, Nebraska
Notice of Election**

Notice is given that at the primary election on Tuesday, May 10, 2016, at the usual polling place in each precinct of the City of Scottsbluff, Nebraska, the ballot will include for the electors of the City for their approval or rejection, the following proposition:

[Insert text of proposition from Paragraph 1 of this Resolution in the notice]

The polls will be open from 7:00 a.m. through 7:00 p.m. on the Election Day. Absent, disabled, and confined voters' ballots may be obtained from the County Clerk as provided by law. Copies of the proposition may be obtained at the office of the Scottsbluff City Clerk at City Hall, 2525 Circle Drive, Scottsbluff, Nebraska 69361.

Dated: _____, 2016.

/s/ City Clerk

5. The City Clerk shall cause a certified copy of this Resolution to be delivered to the Scotts Bluff County Clerk.

Passed and Approved on _____, 2016.

Mayor

Attest:

City Clerk