

# **City of Scottsbluff, Nebraska**

**Monday, March 21, 2016**

**Regular Meeting**

## **Item Reports9**

**Council to receive a report on the LB357 informational plan.**

**Staff Contact: Nathan Johnson, Assistant City Manager**



## Yes

Will be a vote to increase the local option sales tax from 1.5% to 2% with the increase *to be used specifically for Infrastructure projects.*



## No

Will be a vote to keep the local option sales tax at 1.5%

### Informational Meetings

The City will host public meetings to share important information with residents.

**March 24, 2016**

6:00PM, Guadalupe Center, 1200 E 9th Street

**April 14, 2016**

6:00PM Lied Scottsbluff Public Library,  
1809 3rd Avenue

**April 28, 2016**

6:00PM Runza Community Room, 1817 Broadway

**May 5, 2016**

6:00PM Lied Scottsbluff Public Library,  
1809 3rd Avenue

Proposed Additional  
Half-Cent Sales Tax for

## Infrastructure Improvements



**Vote May 10**



## How will the money be used?

The revenue generated by an additional half-cent sales tax will primarily be used to fund improvements to streets, water, sewer and storm water infrastructure.

The City Council has the option to annually allocate up to 18% of the additional tax to the Scottsbluff Improvement Agency.

## Who is the Scottsbluff Improvement Agency?

In order to implement the additional half-cent tax, the City is required to partner with another public body. The City has partnered with its Community Redevelopment Authority ("CRA") to create the Scottsbluff Improvement Agency. This Agency can contract with the CRA to fund redevelopment projects.

## Potential CRA projects:

The CRA encourages and evaluates projects based on their positive impacts on neighborhoods and the community. Examples:

- Acquisition of and demolition of blighted property.
- Provide incentives to developers to improve dilapidated properties.
- Promote tax increment financing for commercial and housing projects in blighted areas.
- Downtown and other business district improvements.

## Why is an Additional Half-Cent Sales Tax Being Proposed?

- Current infrastructure is showing significant deterioration.
- Sales Tax is based on users and not property.
- Significant users of public infrastructure live outside the City limits.
- It is estimated that an additional half-cent sales tax would generate annual revenue of approximately \$1.8 million per year.
- Funding infrastructure projects with sales tax dollars and not property tax dollars is one way of shifting the burden of taxation from Scottsbluff residents (*property tax*) to a broader base (*sales tax*) which reflects the shoppers in Scottsbluff that are both residents and non-residents.

**“The additional half cent sales tax authorized by LB357 is a tool that provides funding for infrastructure projects without reliance on property tax.”**

Mayor Randy Meininger

## This is not a property tax increase



**On a \$20 transaction, an additional half-cent in sales tax would add 10 cents to your total cost.**

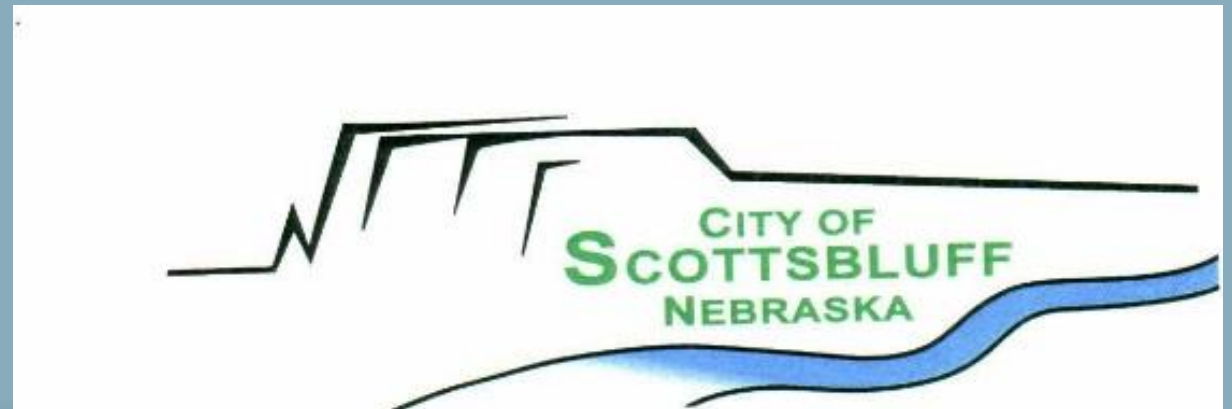
For more information, call 308-630-6202 or visit the City's website

[www.scottsbluff.org](http://www.scottsbluff.org)

# LB357 SALES TAX

## Election for Additional ½ Cent Infrastructure Sales Tax

This presentation is intended for informational purposes only.



# MAY 10, 2016 BALLOT



**YES – for increasing the City Sales Tax to 2%**



**NO – for maintaining the current City Sales Tax of 1.5%**

© Original Artist  
www.CartoonStock.com

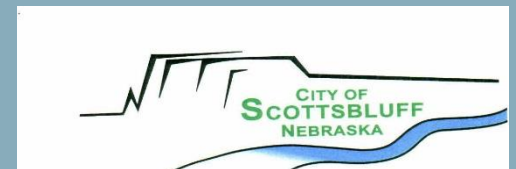


"Could you make it a dollar and four cents, sir? — The Government says I have to collect sales tax."



# LB357 SALES TAX BASICS:

- **No impact on existing 1½ cent City STX**
- **Additional ½ cent to be used primarily for *Public Infrastructure Projects – streets, water, sewer and storm water.***
- **Projected tax per year = \$1.8 million**
- **Term: 10 years or until bonds for which Sales Tax revenue is pledged are paid off.**



# PUBLIC INFRASTRUCTURE PROJECTS:

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.



# LB357 SALES TAX - IMPLEMENTATION

- **At least 70% of City Council (4 votes) was required.**
- **Voters must approve at a Primary or General Election.**
- **If passes, additional tax would take effect Oct 1, 2016.**
- **City must partner with another political subdivision within the City or County to create a new Interlocal Agency.**





# INTERLOCAL AGREEMENT

City of Scottsbluff

Community Redevelopment  
Authority of Scottsbluff  
("CRA")

Scottsbluff Improvement Agency

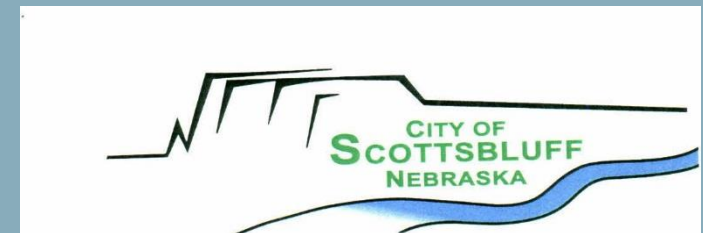
# INTERLOCAL AGREEMENT REQUIREMENTS

- **Agreement “shall contain provisions, including benchmarks, relating to the long-term development of unified governance of public infrastructure projects”**
- **Emphasis is on efficiencies to promote the goals of both partners.**



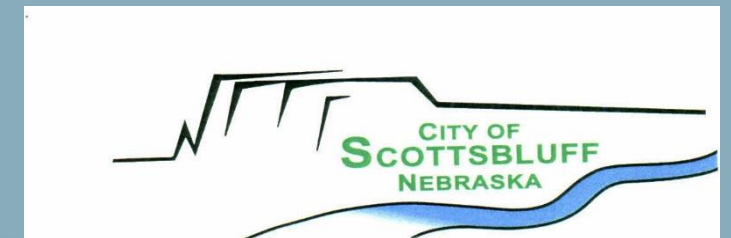
# SCOTTSBLUFF IMPROVEMENT AGENCY PURPOSE:

- **Monitor benchmarks**
- **Assess the effect of the collaboration between the City and the CRA.**
- **Budgeting and expenditure of funds allocated to the Scottsbluff Improvement Agency.**



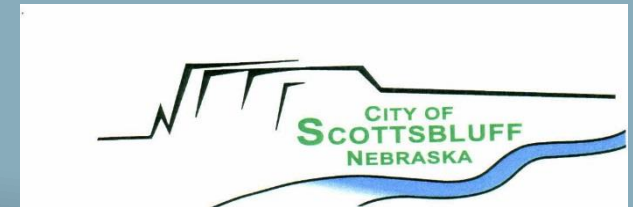
# PROJECT DECISIONS

- **Sales Tax is levied by the City.**
- **City Council determines the projects.**
- **Bonds may be issued by the City. Sales Tax is pledged for payment of the Bonds.**
- **Scottsbluff Improvement Agency is primarily advisory as to the infrastructure projects.**



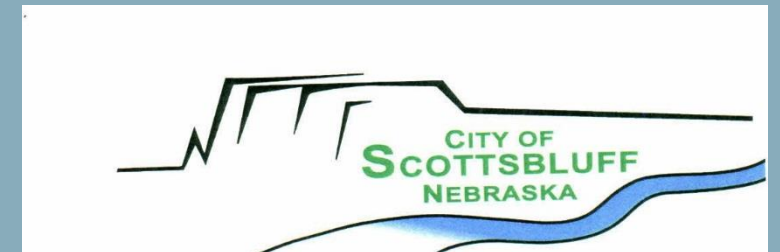
# SCOTTSBLUFF IMPROVEMENT AGENCY FUNDING

- **No requirement that the Agency be funded.**
- **City Council can allocate a maximum of 18% of the additional 1/2% sales tax to the **Scottsbluff Improvement Agency**. Determination made each year at Budget Time.**
- **City Council can fund from other sources.**



# INTERLOCAL AGENCY GOVERNANCE

- **The Scottsbluff Improvement Agency is made up of 5 Board Members:**
  - -- 3 appointed by the City Council (no more than 2 of which can be Council Members).
  - -- 2 appointed by the Community Redevelopment Authority.



## **LB357 SALES TAX MISCELLANEOUS FACTS:**

- **Adopted by 13 Nebraska cities to date – ranging in size from Alma to Lincoln.**
- **Some are tied to specific projects. Others are directed to infrastructure in general.**
- **Approximately 50% of Scottsbluff's City Sales Tax is paid by non-residents.**



# INTERLOCAL AGREEMENT PARTNER

City of Scottsbluff

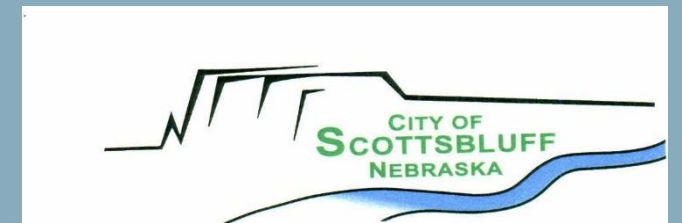
Community Redevelopment  
Authority of Scottsbluff  
("CRA")

Scottsbluff Improvement Agency



# COMMUNITY REDEVELOPMENT AUTHORITY OF SCOTTSBLUFF (“CRA”):

- **Separate Public Body.**
- **Created by Ordinance on February 1, 2016.**
- **5 Members with staggered terms, appointed by Mayor & City Council.**
- **Director of CRA: City Manager or Designate**
- **City Treasurer is Ex Officio Treasurer**



# CRA PURPOSE:

- **Power to prepare and recommend redevelopment plans in conjunction with TIF (Tax Increment Financing) projects**
- **Enter into agreements for Redevelopment Projects**
- **Provide incentives for non-TIF Redevelopment Projects.**



# TIF EXAMPLE

		<b>Annual Property Tax (assume 2% Levy)</b>
<b>Assessed Value after Improvements:</b>	<b>\$1,100,000</b>	<b>\$22,000</b>
<b>Assessed Value before Improvements (Base):</b>	<b><u>(\$100,000)</u></b>	<b><u>(\$2,000)</u></b>
<b>Taxable Increment:</b>	<b>\$1,000,000</b>	<b>\$20,000</b>

- ▶ The first \$2,000 of Property Tax (on the Base) continues to be distributed to all political subdivisions, as it was before the improvements.
- ▶ The \$20,000 Property Tax on the Improvements is used to repay TIF eligible expenditures over 15 years – generally bonded.
- ▶ After the earlier of 15 years or repayment of the TIF bond, the property tax on the entire improved value is redirected to all political subdivisions.
- ▶ TIF has no impact on Personal Property Tax.

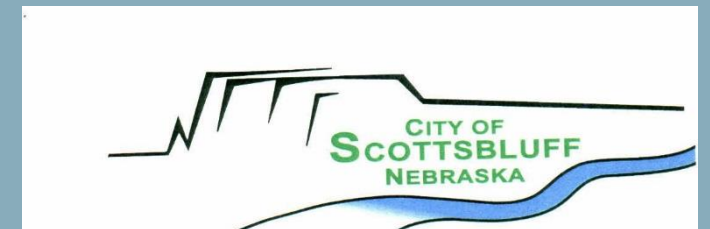
# REASONS FOR A CRA:

- **CRA can specialize and concentrate on Community Redevelopment. Proactive.**
- **CRA Members selected based on skills and interest.**
- **Planning Commission must review and City Council must approve Redevelopment Plans. CRA adds another level of review.**
- **Variety of programs available. Examples: purchase of blighted property, demolition of dilapidated properties, enter into agreements with developers.**
- **Less red tape when it comes to selling property.**



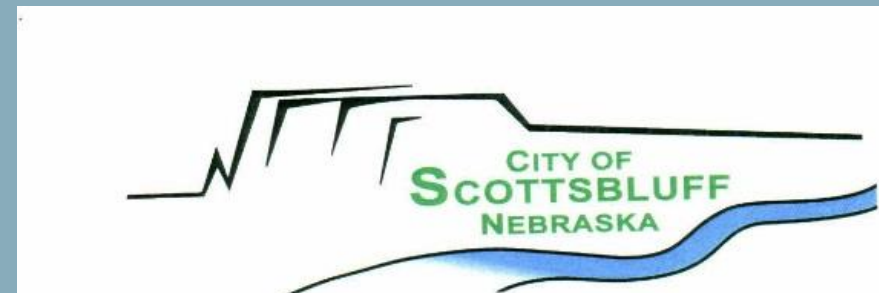
# CRA FUNDING:

- **Property Tax – may levy a maximum of 2.6 cents per \$100 in value, if authorized by City Council.**
- **Appropriation from General Fund.**
- **Reserve a portion of funding from a TIF project to reimburse CRA expenses.**
- ***Scottsbluff Improvement Agency can contract with the CRA for services or projects.***



# CRA EXAMPLES:

- **Grand Island**
- **Hastings**
- **Kearney**
- **North Platte**
- **Ogallala**



# LB357 SALES TAX SUMMARY:

- **Additional one-half cent local Sales Tax.**
- **At least 82% must be spent on roads, water, sewer and storm water projects.**
- **Up to 18% can be allocated by the City Council to the Scottsbluff Improvement Agency – which can contract with the Community Redevelopment Authority to conduct redevelopment projects.**

