

City of Scottsbluff, Nebraska

Monday, November 3, 2014

Regular Meeting

Item Public Inp1

Council to receive an update on the Sales Tax Renewal informational activities.

Staff Contact: Nathan Johnson, Assistant City Manager



"Since the City of Scottsbluff voters first approved LB840 in 1995 it has been one of the best tools the City has had to provide financial assistance to local companies who are looking to grow by adding jobs and capital improvement to their footprint locally. With companies looking to relocate a business we know every community across the country is attempting to lure them to their own cities. With LB840 it gives the City of Scottsbluff something to add to the package offered which makes us more attractive. The Plan since its inception has also become more flexible in its application and also the way assistance can be offered so it is vitally important as the City of Scottsbluff moves forward with its Economic Development plan currently being done to keep such an important tool available so that we can continue to grow both our local companies and attract quality companies which will help provide opportunities to our current citizens and also bring new individuals and families here."

Application Committee:

Jim Trumbull, Chair
Dennis Hadden
Dave Schaff
Marla Marx
Hod Kosman
Lee Glenn

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Jim Trumbull, Carr-Trumbull Lumber Company
LB840 - Application Committee, Chair

Citizens Review Committee:

Mark Harris, Chair
Diane Vandenberg
Marci Meyer
Sam Mark
Scott Phillips

Renewing the City Sales Tax initiative is our best guarantee of our city property taxes remaining low. The current proposal locks in the general fund property tax levy to only \$175,000.00, the balance of the general fund expenditures are generated from sales tax. Most city residents have agreed that a sales tax is the fairest and preferred over property taxes. The economic development portion of this initiative has proved to be beneficial in helping existing business's expand and it helps recruit new business's to our community. The Citizens Advisory Committee, which I chair, periodically checks up on the performance guarantees that participating businesses have agreed to. I encourage you to continue the City Sales Tax.

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Mark Harris, A & L Inc.
LB840 - Citizens Review Committee, Chair



HOW IS THE ECONOMIC DEVELOPMENT PORTION (LB840) OF THE CITY SALES TAX MANAGED?

All applications are reviewed by an Application Committee which is appointed by the Mayor and Council. At least one member must have experience in banking and lending and at least one member must be a CPA. In practice, this committee has functioned much like a bank loan committee in its evaluation of whether an applicant meets the criteria for eligibility, is financially viable, and if necessary, can provide security for the potential repayment for the grant. All recommendations of the Application Committee are submitted to the City Council for final action. Finally each applicant must submit annual reports for review by the Citizens Review Committee appointed by the Mayor and Council. LB840 passed into law in 1991. It is the local option municipal economic development act. Scottsbluff voters passed this in 1995. Currently there are 64 communities that have this program in place. In our region: Alliance, Bayard, Chadron, Gering, Kimball, Mitchell, Oshkosh and Sidney have the plan.



"The LB840 program has been a huge help for my business and has enabled us to grow our revenue and create local jobs in Scottsbluff and Gering. We have put together three separate LB840 projects, and each time they have helped us to get over a hurdle that was holding us back. I especially appreciate that the program is administered locally and that the loan money goes right back into funding new projects. This is the way economic development should work!"

Matt Larsen, CEO
Vistabeam and Inventive Media



"Without LB840 incentive funds, it would have been difficult to build the State of Art facility we have in Scottsbluff. We looked at multiple States and communities in our search to move from San Francisco. We are now looking at an expansion and doubling our current workforce in the community."

KaiYen Mai
Fusion Ranch (previously KYS Foods)
Producer of Fusion Jerky

**Get Out
and Vote
on Nov.4**

Vote Yes on **Proposition #1**
RENEW the Tax & **Proposition #2**
RENEW the Plan

Paid for by The Committee To Renew Scottsbluff City Sales Tax.

RENEW

Scottsbluff City Sales Tax

What's On The Ballot?

Proposition #1 Represents continuing the 1.5% local sales tax.
Provides property tax relief
Allows ¼ of 1% to be used for Economic Development

Proposition #2 Represents the Economic Development Plan (LB840)
Allows us to continue providing grants and loans for our growth

What It Means To You: *Your portion of property tax for the city could nearly triple if city sales tax were not in place.*

Example - \$100,000 home - Current property tax for city portion is \$199 - it could be \$450 and \$2.23 Million of city services would need to be cut.

What It Has Done: **City Sales Tax works for Scottsbluff!**

- Over 83% goes to **PROPERTY TAX RELIEF**
- 16% dedicated to economic development program
- 3rd Lowest 1st Class City Levy in the State.

Who Pays It? *As a regional trade center over 50% of sales tax collected comes from people who live outside of Scottsbluff.*



BENEFITS TO THE COMMUNITY

- Over 1200 quality jobs have been created or retained through the assistance of the LB840 program
- Job creation grants netted almost \$6.8 million
- 36 grants have been awarded to businesses since 1995
- Over 83% of the sales tax collected goes to property tax relief
- 15% of collections is used for economic development
- City services are paid by those who live outside the city

SAMPLE BALLOT

Scotts Bluff County State of Nebraska Scottsbluff 4

NONPARTISAN TICKET

Proposition No. 1
City of Scottsbluff

Shall the City Council of the City of Scottsbluff, Nebraska continue to impose a Sales and Use Tax in the amount of 1.5% 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 of the Proposition as set out below?

☒ **Yes** (For continuing the Sales and Use Tax)

☐ No (Against continuing the Sales and Use Tax)

Terms and Conditions: The terms and conditions of Proposition No. 1 are as follows:
a. **Property Tax Limitation:** The property tax that may be levied by the City for General Fund Purposes in each fiscal year that the City Sales and Use Tax is in effect shall not exceed \$175,000.00.
b. **Economic Development Portion:** If Proposition No. 2 passes, a portion of the City Sales and Use Tax equal to 1/4 of one percent (1/6 of the total City Sales and Use Tax) shall be allocated to the Economic Development Program as provided for in the Plan set out in Proposition No. 2.
c. **Termination of Tax:** The City Sales and Use Tax shall automatically terminate on October 1, 2025, unless the tax is extended by a vote of the electorate prior to that date.

Proposition No. 2
City of Scottsbluff

Shall the City of Scottsbluff, Nebraska continue and amend its existing Economic Development Program as described below by appropriating annually from local sources of revenue approximately \$1,200,000 per fiscal year during the time period for which the City Sales and Use Tax provided for in Proposition No. 1 is in existence:

☒ **Yes** (For continuing the Program)

☐ No (Against continuing the Program)

Description of the Economic Development Program: The Economic Development Program, as amended and approved by the City Council, is summarized as follows:
a. **General Description of the Program:** The goal of the Economic Development Program is to provide quality jobs to the citizens of Scottsbluff, Nebraska. Activities included in the Economic Development Program are direct loans or grants to qualifying businesses, loan guarantees for working capital or both, grants for public works improvements and job training, real estate purchases and options, issuance of bonds, the costs of implementing the program, technical assistance, industrial recruitment activities, expenses for locating qualifying businesses into the area, the equity investment. Qualifying businesses include those which derive their principal source of income from (1) manufacturing, (2) the sale of goods or commodities in interstate commerce, (3) processing, storage, transport, or sale of goods or commodities in interstate commerce, (4) the sale of services in interstate commerce, (5) headquarters facilities relating to eligible activities, (6) telecommunications to eligible activities, (7) tourism-related activities, or any other business deemed to be qualifying businesses through future amendments to Nebraska law.
b. **Duration of the Program:** The Economic Development Program is currently in existence and shall be extended until October 1, 2040.
c. **Years of Collection of Funds:** Collection of additional funds for the Economic Development Program shall be on all taxable sales beginning on October 1, 2015 and shall end on October 1, 2025.
d. **Source of Funds:** The source for Economic Development Funds shall be a portion of the City Sales and Use Tax provided for in Proposition No. 1. The City may issue bonds pursuant to the Local Option Municipal Economic Development Act.
e. **Total Amount to be Collected:** The total amount to be collected from local sources of revenue shall be the lesser of (1) \$1,200,000 per fiscal year for the next 10 fiscal years, or (2) the amounts allocated to the Economic Development Program pursuant to the City Sales and Use Tax provided for in Proposition No. 1.
f. **Additional Sources of Funds:** Additional funds from other non-city sources will be sought beyond those derived from local sources of revenue.

SCOTTS BLUFF COUNTY SCHOOL DISTRICT 0032 (SCOTTSBLUFF PUBLIC SCHOOLS) IN THE STATE OF NEBRASKA

"Shall Scotts Bluff County School District 0032 (Scottsbluff Public Schools) in the State of Nebraska (the "District") issue general obligation bonds of the District in an aggregate stated principal amount not to exceed Twenty-nine Million Two Hundred Thousand Dollars (\$29,200,000), for the purpose of constructing buildings, additions and improvements on the existing high school campus and providing the necessary furniture, equipment, and apparatus for such buildings to be issued from time to time, to bear interest at a rate or rates and to become due at such time or times as may be fixed by, or at the direction of, the Board of Education; and

☐ FOR such Bonds and tax
☐ AGAINST such Bonds and tax

PROPOSED BY INITIATIVE PETITION

Initiative Measure 425

A vote "FOR" will amend the Nebraska statute establishing a minimum wage rate for employees to increase the current state minimum wage from seven dollars and twenty-five cents (\$7.25) per hour to eight dollars (\$8.00) per hour on January 1, 2015, and to nine dollars (\$9.00) per hour on January 1, 2016.

A vote "AGAINST" will not cause the Nebraska statute establishing a minimum wage rate for employees to be amended in such manner.

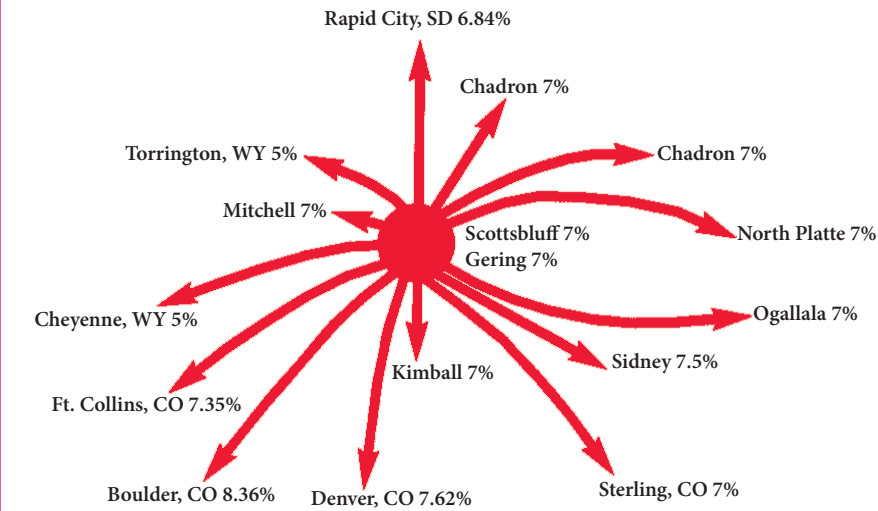
Shall the Nebraska statute establishing a minimum wage rate for employees be amended to increase the current state minimum wage from seven dollars and twenty-five cents (\$7.25) per hour to eight dollars (\$8.00) per hour on January 1, 2015, and to nine dollars (\$9.00) per hour on January 1, 2016?

☐ For
☐ Against

Scottsbluff 4 Typ:02 Seq:0024 Spl:01 Seq:0024 7.4.2.0 / 012503-14 © Election Systems & Software, Inc. 1981, 2002

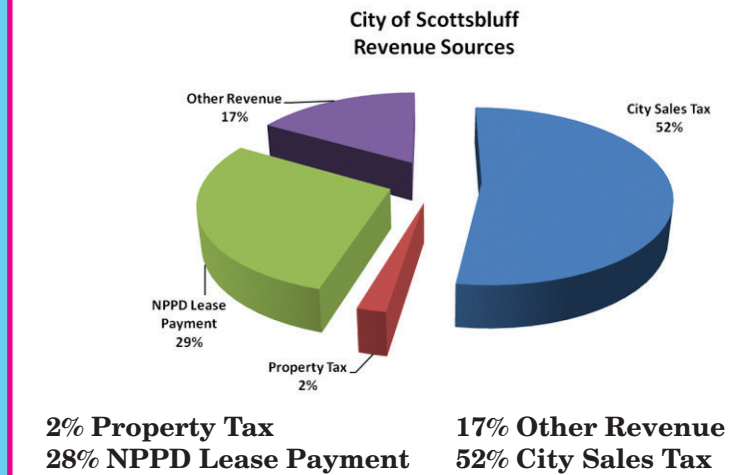
**PROPOSITION
#1 & #2
Are on Page 2
of the Ballot**

SALES TAX for Other Retail Trade Centers



SCOTTSBLUFF CITY REVENUE SOURCES

Sales tax is the primary source of funding for police, fire, streets/infrastructure, library, zoo, recreation and parks.



Success Stories from LB840

Progress Rail

Western Pathology Consultants

Kurt Manufacturing

Western Sugar

Panhandle Mental Health

Physician Partnerships

Western Sugar Cooperative

Inventive Media

Allo Communications

Valley Airways

Webb Eyecare

Western Sleep

Aulick Manufacturing

CS Precision

CST Mechanical

Skiles Industires Inc.

CHC West, LLC

Fusion Ranch (formerly KYS)

Klein Family Trucking

Vertex

Airport Road Water Extension

Regional Economic Development Strategic Plan – Thomas P. Miller & Associates are finalizing a regional strategic plan that will provide target industry analytics, community assessments as well as recommendations for site selection and improvements to current economic development processes. The LB840 program allowed funding for this study which will be presented to the public on November 19th at 9 a.m. at the Gering Civic Center. A community steering committee has been meeting regularly to work with TPM & Associates.