

Sales Tax Committee

April 10, 2023

EL DORADO
K A N S A S

www.eldoks.com

Meeting Agenda

- Previous Meeting Summary
- Discussion on Sales Tax Duration
- Discussion on Use of Funds and Allocation Formula

www.eldoks.com

EL DO^K_S

Committee Purpose & Goals

- Review the existing one-cent sales tax and determine if changes are necessary and/or appropriate for its continuation.
- Solicit input from the public to help inform the committee's recommendation.
- Prepare a recommendation for the City Commission's consideration regarding a proposed ballot question to renew the sales tax.

www.eldoks.com



Committee Chair

- Keep the committee on task during meetings.
- Ensure all committee members have the opportunity to express their input.
- Build consensus for a recommendation on proposed ballot language.
- Present the committee's recommendation to the City Commission.

www.eldoks.com



Crafting a Ballot Question: Levers to Pull

- **Duration:** Changing from renewing every five years to ten years, or making the sales tax permanent.
- **Funding Formula:** Changing the allocation formula to reflect priorities of community.
- **Formula Structure:** Changing the allocation formula to a percentage structure instead of a defined amount.
- **Rate:** Changing the rate to reflect priorities of community.

www.eldoks.com



El Dorado Sales Tax Overview

State of Kansas:	6.5%
<u>Local Sales Tax:</u>	<u>1.0%</u>
Total:	7.5%

Butler County does not currently have a local sales tax.

Some retailers in El Dorado collect a higher sales tax (up to 2%) because of the establishment of a Community Improvement District (CID) to finance public improvements related to an economic development project.

www.eldoks.com



El Dorado Sales Tax Overview

- The City of El Dorado has overwhelmingly voted in favor of a one-cent (1%) sales tax since 1990.
- The current sales tax will end September 30, 2024 unless renewed by voters.
- The ordinance allocates funds as follows:
 - \$1.65 million to property tax reduction;
 - \$600,000 to street rehabilitation; and
 - \$100,000 to economic development.
 - Funds in excess of \$2.35 million are allocated to the Excess Sales Tax Program.

www.eldoks.com



Crafting a Ballot Question: Levers to Pull

- **Duration:** Changing from renewing every five years to ten years, or making the sales tax permanent.
- **Funding Formula:** Changing the allocation formula to reflect priorities of community.
- **Rate:** Changing the rate to reflect priorities of community.

www.eldoks.com



Alternate [Sales Tax] Universe

- **Funding Formula:** Changing the formula to allocate using a formula.
 - Property Tax Reduction: \$1.65 million or 50%, whichever is more
 - Street Maintenance: \$600,000 or 26%, whichever is more
 - Economic Development: \$100,000 or 4%, whichever is more
- **Rate:** Increasing the rate to enhance property tax reduction.
 - Each increment of 0.05% is equal to about 1.25 mills.

www.eldoks.com



Next Meeting

- May 8, 2023 at 6:00 pm
- Agenda:
 - Use of Funds and Allocation Formula
 - Ballot Language

www.eldoks.com

