

**Sales Tax Advisory Committee**  
**April 10, 2023 6:00 p.m.**  
**Commission Room**

<u>Members Present</u>	<u>Members Absent</u>	<u>Staff Present</u>
Craig Hamilton	David Sundgren	David Dillner, City Manager
Lori Gioso	John Steinbacher	Alyssa Warner, Finance Director
Ross Stumpf	Matt Jacobs	Tabitha Sharp, Administration Director
Brett Remsberg	Jordan Buxton	
Edward Wilson	Heather Rinkenbaugh	
Scott Leason		

City Manager David Dillner began the meeting with introductions for those who weren't present at the last meeting.

City Manager Dillner asked if the committee would like to elect a chair.

Craig Hamilton stated that he could talk to David Sundgren and if he isn't interested then Craig would do it.

City Manager Dillner reviewed the current sales tax percentages, the allocation and the date the current ordinance will sunset, which is September 30, 2024.

City Manager Dillner reviewed the options for crafting a ballot question:

- Duration – 5 years, 10 years or a permanent sales tax.
- Funding Formula – Currently it's \$1.65 million for property tax reduction, \$600,000 for street rehabilitation and \$100,000 for economic development. He stated that the committee could recommend a percentage instead of a dollar amount, which could increase the amount given to each item in years when the collections are higher.
- Formula Structure -
- Rate – We can levy up to 2%.

City Manager Dillner asked the committee what their thoughts were on the duration of the sales tax.

Craig Hamilton stated that the most popular one on the survey was ten years, so he thought that was a good direction.

Ross Stumpf stated that he felt that the City would not be able to operate without the sales tax, and so he felt that the sales tax could be permanent. He asked if the amount could change if the sales tax was permanent.

City Manager Dillner stated that they could change the amount if needed.

Brett Remsberg and Edward Wilson agreed.

City Manager Dillner stated that approximately 30% of the sales tax comes from outside of the committee.

Craig Hamilton asked how many people voted in favor last time.

City Manager Dillner stated that 75% voted yes in 2018.

Scott Leason asked if it could be changed in the future.

City Manager Dillner stated that while it is called a permanent sales tax, nothing is permanent and it could be changed with another election in the future.

Ross Stumpf asked what happened if it didn't pass in November.

City Manager Dillner stated that if it didn't pass in November, staff would begin conversations about a special election in the spring, but without a second ballot question, it would end.

The committee agreed to send a question without an expiration date to the ballot.

City Manager Dillner stated that now they needed to discuss the funding formula. He asked if they wanted to continue the current allocation, change it to percentages, or change it all together.

Edward Wilson asked where the street maintenance funds go.

City Manager Dillner stated that \$500,000 goes to full repair and \$100,000 goes to sealing/crack repair.

Ross Stumpf asked how the excess sales tax funds are spent.

City Manager Dillner reviewed the collections and expenditures from the excess sales tax funds.

Lori Gioso asked in an ideal world, how much needed to be allocated to street rehabilitation.

City Manager Dillner stated that we have that information and can send it to the committee.

Craig Hamilton and Ross Stumpf both stated that they would be in favor of a percentage instead of a dollar amount.

Ross Stumpf asked what the rate increase referred to.

City Manager Dillner stated that it was the sales tax rate. He stated that they can change the numbers in the formula to increase or decrease the current allocations if they weren't interested in changing the sales tax rate.

Edward Wilson asked why everything couldn't be placed in one general fund.

City Manager Dillner stated that the citizens wanted to direct how the funds were spent.

Scott Leason asked where the other 20% of the funds are going.

City Manager Dillner stated his example shows 50% going to property tax reduction, 26% to street rehabilitation, 4% to economic development and 20% to excess sales tax projects.

Craig Hamilton stated that he agreed with the phrasing that stated the current dollar amount or the percentage, whichever is higher.

Ross Stumpf confirmed that if it's worded that way, the minimum is still at the current amount.

City Manager Dillner stated that he was correct.

Lori Gioso stated that the property tax reduction and the streets are very important.

City Manager Dillner stated that if they considered the rate increase, a half-cent sales tax would be approximately 1.25 mills. He stated that they could write the item to state that if the rate increased, the property tax would have to be reduced.

Craig Hamilton stated that in surrounding areas, the tax rate is higher than ours by one or two percent.

There was not support for increasing the sales tax rate.

Scott Leason asked if others can still request excess sales tax.

City Manager Dillner stated that it was removed the last time the ballot question was submitted, excess sales tax can only be used for city projects.

Craig asked if we could send the ballot question from the last election.

City Manager Dillner stated the next meeting would be May 8<sup>th</sup> at 6:00 p.m.

The committee agreed to think about the allocation for the next meeting.

Meeting adjourned at 6:45 p.m.