

CITY COMMISSION AGENDA MEMO
July 21, 2020

FROM: Jason Hilgers, Deputy City Manager

MEETING: August 4, 2020

SUBJECT: 2023 Sales Tax – Ballot Question and Policy Resolution

PRESENTER: Jason Hilgers, Deputy City Manager

BACKGROUND

At the July 14, 2020, City Commission work session, the Commission provided direction and feedback in support of pursuing a sales tax question for the November 2020 ballot.

At the July 28, 2020, City Commission work session, the Commission provided direction on the percentage splits and the structure of the proposed ballot question. The Commission was in favor of including the percentages in the question, and identified 3 options for that split to be considered at a future discussion. The options included 10% work force housing in each option. The split for jobs and debt were 20/70; 25/65; and 30/60 respectively. The Commission was also comfortable with using “approximately” as a qualifier for the percentages, rather than “no more than” in previous versions.

DISCUSSION

City Administration has prepared a draft question with new language, percentages and order reflecting the Commission direction at the July 28, 2020, work session.

“Shall a retailers’ sales tax in the amount of one-half of one percent (0.5%) be levied within the city limits of Manhattan, Kansas, for the purposes of stimulating recovery from the COVID-19 pandemic and reducing the ad valorem property tax burden on City taxpayers; to achieve such purposes, the revenue from the additional tax shall be used as follows: **I.** approximately 10% of the funds shall pay for workforce housing initiatives; **II.** approximately 20% of the funds shall pay for job creation, recruitment or retention initiatives; and, **III.** approximately 70% of the funds shall pay for outstanding city debt and the costs related to public infrastructure. With the means and methods to accomplish said purposes to be determined in the sole discretion of the Governing Body of the City; such additional tax, levied pursuant to K.S.A. 12-187, if approved by a majority of the electors

voting thereon, to take effect January 1, 2023, or as soon as thereafter as permitted by law and notice requirements allow, and to expire ten years from the date the tax is first collected?"

One key piece left undetermined was the percentage split. Three options were discussed with varying percentages for both jobs and existing and future debt.

All strategies ultimately split \$65 million over the next 10 years to workforce housing, jobs and infrastructure/debt, jobs in some capacity.

Proposed annual distribution of funds options:

2023 Tax: Option	10/30/60
Workforce Housing	\$650K (10%)
Jobs /	\$1.95M (30%)
Debt/Infrastructure	\$3.9M (60%)
TOTAL	\$6.5M Annually

2023 Tax: Option	10/25/65
Workforce Housing	\$650K (10%)
Jobs /	\$1.625M (25%)
Debt/Infrastructure	\$4.225M (65%)
TOTAL	\$6.5M Annually

2023 Tax: Option	10/20/70
Housing	\$650K (10%)
Jobs	\$1.3M (20%)
Debt/Infrastructure	\$4.55M (70%)
TOTAL	\$6.5M Annually

A timeline of events and actions is below that would be necessary to move this question to this November's ballot.

- **Aug 4** – City Commission Discussion – finalize ballot question language
- **August 18** – City Commission Legislative Action – Consider Ballot Question Resolution; Deliver to Riley County prior to September 1st
- **September & October** – Educate the Community on 2023 Tax and future use
- **October 14** – Advance Voting Begins
- **November 2** – Advance Voting Ends
- **November 3** – Election Day

- City Sales Tax of 0.5%
 - Replaces the County Tax of 0.5% on January 1, 2023
 - Local rate in Manhattan (Riley County) stays at 8.95%
 - Local rate in Manhattan (Pottawatomie County) raises to 9.45%
 - City expects \$6.5 million annually starting in the year 2023

A city sales tax question of this magnitude will position Manhattan in the best possible position with respect to the pandemic recovery, financing existing and future debt, pursuing and finishing major public infrastructure improvements (i.e. Aggieville, North Campus Corridor, Airport, etc.), a robust workforce housing program and initiatives, and an effective job creation strategy for the next decade.

RECOMMENDATION

City Administration recommends the City Commission provide direction on the draft 2023 Sales Tax question and policy resolution.

POSSIBLE MOTION

No motion is necessary at this work session.

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