

CITY COMMISSION AGENDA MEMO
August 11, 2020

FROM: Jason Hilgers, Deputy City Manager

MEETING: August 18, 2020

SUBJECT: Recovery and Relief 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 to stimulate recovery after the COVID-19 pandemic and to provide City property taxpayer relief through reduction of the ad valorem tax burden for the November 2020 ballot.

At the July 28, 2020, City Commission work session, the Commission provided direction on the percentage splits of how the sales tax revenue would be used to achieve its purposes and the structure of the proposed ballot question. The Commission was in favor of including the percentages in the question, and identified three 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.

At the August 4, 2020, City Commission meeting, the Commission provided direction to achieve the sales tax’s purposes by using approximately 70% of the revenue for debt and public infrastructure; approximately 20% for jobs creation, recruitment or retention; and approximately 10% for workforce housing.

If the sales tax is adopted by the voters, the sales tax would begin January 1, 2023, and end 10 years from the first date of collection. The sales tax’s start date is delayed until January 1, 2023, because that is when Riley County’s roads, bridges and economic development sales tax ends. The following statements assume no new taxes will be pursued by the City, Riley County or Pottawatomie County through January 1, 2023. Currently the sales tax rate in Manhattan, KS is 8.95% in both Riley and Pottawatomie County. The 8.95% rate in Manhattan, KS in Riley County will continue to be the 8.95% rate if the proposed question (.5%) passes in November and the County sales tax (.5) expires on December 31,

2022. For properties in Manhattan, KS in Pottawatomie County the rate would increase to 9.45% in 2023 from 8.95% today.

DISCUSSION

City Administration has prepared the final question below for consideration by the electorate on November 3, 2020.

“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 70% of the funds shall pay for outstanding city debt and the costs related to public infrastructure; **II.** approximately 20% of the funds shall pay for job creation, recruitment or retention initiatives; and, **III.** approximately 10% of the funds shall pay for workforce housing initiatives. 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?”

Proposed annual distribution of funds options:

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

A timeline of events and actions are highlighted below for the proposed question.

- **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

ALTERNATIVES

It appears the Commission has the following alternatives concerning the issue at hand. The Commission may:

1. Approve Resolution No. 081820-E authorizing and providing for the calling of a special question election in the City of Manhattan, Kansas, to increase the retailers' sales tax by 0.5% to stimulate recovery after the COVID-19 pandemic and to provide City property taxpayer relief through reduction of the ad valorem burden through funding of debt/public infrastructure, job initiatives, and workforce housing.
2. Deny the measure.
3. Modify to meet the needs of the Commission.
4. Table the item.

RECOMMENDATION

City Administration recommends the City Commission approve Resolution No. 081820-E authorizing and providing for the calling of a special question election in the City of Manhattan, Kansas, to increase the retailers' sales tax by 0.5% to stimulate recovery after the COVID-19 pandemic and to provide City property taxpayer relief through reduction of the ad valorem burden through the funding of debt/public infrastructure, job initiatives, and workforce housing.

POSSIBLE MOTION

Approve Resolution No. 081820-E authorizing and providing for the calling of a special question election in the City of Manhattan, Kansas, to increase the retailers' sales tax by 0.5% to stimulate recovery after the COVID-19 pandemic and to provide City property taxpayer relief through reduction of the ad valorem burden through the funding of debt/public infrastructure, job initiatives, and workforce housing.

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Enclosure:

1. Resolution No 081820-E – Ballot Language

RESOLUTION NO. 081820-E

A RESOLUTION AUTHORIZING AND PROVIDING FOR THE CALLING OF A SPECIAL QUESTION ELECTION IN THE CITY OF MANHATTAN, KANSAS, FOR THE PURPOSE OF SUBMITTING TO THE QUALIFIED ELECTORS OF THE CITY THE QUESTION OF AUTHORIZING THE IMPOSITION OF A SPECIAL CITYWIDE RETAILERS' SALES TAX, AT THE RATE SET FORTH HEREIN, FOR THE PURPOSES OF STIMULATING RECOVERY FROM THE COVID-19 PANDEMIC; REDUCING THE AD VALOREM PROPERTY TAX BURDEN ON CITY TAXPAYERS; PAYING FOR OUTSTANDING CITY DEBT OR THE COST OF PUBLIC INFRASTRUCTURE; AND PAYING FOR ECONOMIC DEVELOPMENT INITIATIVES OR WORKFORCE HOUSING INITIATIVES INTENDED TO RECRUIT, RETAIN, AND GROW JOBS OR TO ENHANCE THE CITY'S ECONOMIC DEVELOPMENT; WITH THE MEANS AND METHODS TO ACCOMPLISH SUCH PURPOSES TO BE DETERMINED BY THE GOVERNING BODY OF THE CITY; AND PROVIDING FOR THE GIVING OF NOTICE OF THE SPECIAL QUESTION ELECTION.

WHEREAS, K.S.A. 12-187 *et seq.*, as amended, (the "Local Retailers Sales Tax Act") authorizes the Governing Body to call a special question election in the city to be held on November 3, 2020, for the purpose of submitting to the city's qualified electors the question of imposing a citywide separate special retailers' sales tax for the purposes of reducing the ad valorem property tax burden on City taxpayers, paying for outstanding city debt or the cost of public infrastructure, and paying for economic development initiatives intended to recruit, retain and grow jobs or to enhance the City's economic development, with the means and methods to accomplish said purposes to be determined in the sole discretion of the Governing Body of the City; and,

WHEREAS, the collection of such sales tax would begin on January 1, 2023, or as soon thereafter as provided by law, and shall expire ten (10) years after its commencement.

NOW THEREFORE BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF MANHATTAN, KANSAS:

SECTION 1. Special Question Election. It is hereby authorized, ordered and directed that a special question election shall be, and is hereby, called to be held in the City, pursuant to K.S.A. 12-187 and K.S.A. 10-120, on November 3, 2020, at which time there shall be submitted to the City's qualified electors the following proposition:

Shall the following be adopted?

“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 70% of the funds shall pay for outstanding city debt and the costs related to public infrastructure; **II.** approximately 20% of the funds shall pay for job creation, recruitment or retention initiatives; and, **III.** approximately 10% of the funds shall pay for workforce housing initiatives. 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?”

SECTION 2. Special Question Election Procedures. The City Clerk shall cause the County Clerk of Riley County, Kansas to give notice of the election as provided by law by publishing a Notice of Special Question Election in substantially the form attached hereto as *Exhibit A*, once each week for two (2) consecutive weeks in a newspaper of general circulation in the city, with the first publication to be not less than twenty-one (21) days prior to the date of the election, and the last publication being not more than ninety (90) days prior to the date of the election.

SECTION 3. Effective Date. This Resolution shall be effective from and after its adoption by the Governing Body.

ADOPTED by the governing body of the City of Manhattan, Kansas, on the 18th day of August, 2020.

Usha Reddi, Mayor

ATTEST:

Brenda K. Wolf, CMC, City Clerk

EXHIBIT A

(First published in *The Manhattan Mercury* on _____, 2020 and subsequently on _____, 2020.)

NOTICE OF SPECIAL QUESTION ELECTION

CITY OF MANHATTAN, KANSAS

The governing body (the "Governing Body") of the City of Manhattan, Kansas (the "City"), has heretofore, pursuant to resolution duly adopted, declared it advisable to impose a Citywide separate special retailers' sales tax for the purposes of reducing the ad valorem property tax burden on City taxpayers, paying for outstanding city debt or the cost of public infrastructure, and paying for economic development initiatives intended to recruit, retain and grow jobs or to enhance the City's economic development. Notice is hereby given to the qualified electors of the City that a special question election has been called and will be held pursuant to K.S.A. 12-187 *et seq.*, on November 3, 2020, for the purpose of submitting to the qualified electors of the City the following proposition:

Shall the following be adopted?

“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 70% of the funds shall pay for outstanding city debt and the costs related to public infrastructure; **II.** approximately 20% of the funds shall pay for job creation, recruitment or retention initiatives; and, **III.** approximately 10% of the funds shall pay for workforce housing initiatives. 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?”

To vote in favor of this question darken the oval to the left of the word "Yes." To vote against it, darken the oval to the left of the word "No."



YES



NO

The election officer conducting the election will be the County Clerk of Riley County, Kansas, whose address is Riley County Courthouse, 110 Courthouse Plaza, Manhattan, KS 66502.

DATED _____.

(Seal)

Rich Vargo, County Clerk
Riley County, Kansas