

# Salina's Proposed Sales Tax Increase

An Investment in Neighborhood Streets, Quality Jobs & Community

On April 20, the Saline County Clerk's Office will mail to Salina voters a sales tax election ballot. It will ask voters to replace the City of Salina's current 4/10<sup>th</sup> (.40%) cent capital improvement sales tax with a 3/4<sup>th</sup> cent (.75%) capital improvement sales tax for a term of 20 years. If approved, the total sales tax for the community will change from 8.4% to 8.75%.

This election is an opportunity for all registered voters to weigh in on their community's future. The mail-in ballot provides the convenience of voting from your home, results in high participation and is a great utilization of the democratic process.

The priorities for the proposed sales tax are:

- Improving neighborhood streets and drainage;
- Preserving a "stable" property tax rate;
- Ensuring a quality park system;
- Constructing and maintaining community improvements;
- Funding equipment for maintenance;
- Repayment of future bonds for large projects; and
- Attracting "quality" jobs.

We continue to hear our residents ask for neighborhood street improvements more than anything else.

How many dollars will the sales tax generate and what specifically will it fund?

The new sales tax increment will generate about \$4.3 million per year in new revenue.

## **NEIGHBORHOOD STREETS ARE OUR TOP PRIORITY**

Fully funding all street needs is estimated to cost an additional \$2 million to \$3 million more per year. That is why the City is committing to spend at least \$2 million more per year (from \$1.6 million annually to at least \$3.6 million) just for neighborhood streets. Street needs will be determined by condition and neighborhood feedback.

## **KEEPING THE CITY'S PROPERTY TAX STABLE IS ALSO A PRIMARY GOAL**

High or fluctuating property taxes can be harmful. We understand the need to provide a stable property tax to our community's residents and businesses for the long-term future.

## **PRESERVING OUR PARK SYSTEM - ONE OF SALINA'S BIGGEST ASSETS**

The tax will be used both to retain the quality of our parks and to enhance them in response to community needs. A major park improvement includes a reasonable and slimmed down approach renewing the Smoky Hill River. This river channel is a major natural resource that serves as the primary storm water storage basin for a large part of our community, so filling it in is not an option. A limited project focus will be on the basic stream area only. This focus includes: getting the sediment out, re-shaping the banks where needed, constructing a single and accessible hike/hike path and providing community gathering space along the downtown stretch. The City will commit to redirecting not more than \$1.3 million per year for this project. That is the current, annual debt service used to fund the Kenwood Cove water park. We think this slimmed down approach can ensure long-term viability for drainage and make the Smoky Hill River channel an amenity and focus of community pride.

## **ATTRACTING "QUALITY" JOBS**

Our community needs growth in "quality" jobs, with higher wages and benefits. A city cannot create these jobs, but we can create a positive environment for them. This includes investment in: roads, utilities, land, training and relocation needs. Our investment will be focused on items that give Salina a special edge and cannot be taken out of our community.

**With a sales tax, a small increment can fund many projects, with nearly one-third (1/3rd) of the revenue estimated to come from outside of our community!**

**On average, consumers will spend about 4% more with the new tax. The increase equals only 35 cents per \$100 spent. While there is no perfect tax, a sales tax is based on consumption and is much fairer than a property tax.**

**If approved, how will Salina’s tax rates compare to our competing communities?**

The table below shows how Salina’s tax rates compare to certain other Kansas communities in 2015. Strong communities see stable and long-term growth of residents, businesses and visitors. A solid infrastructure is a key ingredient. While we do not believe Salina should be one of the highest taxed cities, a reasonable level of taxation can ensure investment in our basic infrastructure needs. This investment will ensure that Salina can serve its residents and businesses well, while also preserving our future viability in north central Kansas.

**When will the community see a positive impact?**

**If approved, the City should begin receiving the new sales tax increment before year-end. This means that we can start applying it to neighborhood streets and other community needs as early as next year!**

City	Sales Tax	Property Tax	City	Sales Tax	Property Tax
Junction City	9.75%	47.666	Hays	8.75%	25.007
Dodge City	9.15%	50.883	Manhattan	8.75%	43.963
Topeka	9.15%	39.733	Salina (proposed)	8.75%	27.080
Abilene	9.10%	45.538	Garden City	8.65%	31.822
Hutchinson	9.10%	43.226	Salina (currently)	8.40%	27.080
McPherson	9.00%	51.330	Wichita	7.50%	32.291

## How can the public be sure the sales tax will be used as intended?

First, the ballot language intentionally limits the use of the sales tax. The City Commission annually updates our 5-year capital improvement plan through a series of public meetings. These sales tax proceeds will be kept in a separate, budgeted fund for full accountability. Historically, the City has fulfilled our commitments. In 2008, we committed to using the current sales tax for similar needs and for Kenwood Cove. Since 2009, this sales tax has been used to fund the following list of needs.

Community Need	Amount (in millions)
Street and Parking Improvements	\$10.50
Kenwood Cove Water Park	\$8.80
Property Tax Stabilization	\$4.90
Job Growth	\$3.50
Maintenance Vehicles & Equipment	\$3.10
Flood Protection	\$0.95
Facility Maintenance	\$0.88
Human Services	\$0.24
Other Project Costs	\$1.30
<b>TOTAL 7-YEAR COMMUNITY INVESTMENT</b>	<b>\$34.2 million</b>

## What if the sales tax does not pass?

If the proposed sales tax doesn't pass, we will continue to focus current resources on basic infrastructure items until the current tax expires in about two years. Certain community needs will likely not be met or will likely be deferred well into the future.

### Can the need for the proposed sales tax be diminished with efficiency improvements?

The City currently applies a Continuous Process Improvement (CPI) program, using private sector Lean Six Sigma (LSS) waste reduction tools. We are a government leader in this field, with our program being recognized nationally. In fact, we are the only government in Kansas taking process efficiency to this level. This effort has helped to keep our property tax rate low, but it is not enough to keep our operational costs stable AND fund all neighborhood streets and other community improvement needs.