

**BUSINESS OF THE CITY COUNCIL
BONDURANT, IOWA
AGENDA STATEMENT**

Item No. 10
For Meeting of 04/22/19

ITEM TITLE: Consideration of Resolution 190422-45 of the City of Bondurant, Iowa providing notice to the Polk County, Iowa Commission of Elections Regarding Submission of the question of imposition of the Local Option Sales and Services Tax to registered voters of the City of Bondurant, Polk County, Iowa

CONTACT PERSON: Marketa George Oliver, City Administrator

SUMMARY: Local Option Sales and Service Tax (LOSST) has been discussed and voted on throughout the metro area. Dallas County approved LOSST (November 2017) and the tax will go into effect on July 1, 2018. During that election, contiguous communities had to vote as a block. Following that election, the legislature took action to change that law. SF2417 was passed by the Iowa Legislature and signed by the Governor, decoupling cities from one another for purposes of Local Option Sales Tax elections, allowing citizens to vote independently from other cities on this issue.

The rules for calling an election required 67 & 84 day notice to call an election we must notify the County Elections Office 84 days prior, and we must offer ballot language 67 days before the called election. In March, 2019, voters in Des Moines, West Des Moines, Altoona, Pleasant Hill, Windsor Heights, and Alleman approved the Local Option Sales and Services Tax. This tax will go into effect on July 1, 2019. Because Bondurant residents are paying this tax in other jurisdictions, the Council discussed the possibility of holding a special election to ask the voters to approve the tax in Bondurant, enabling residents to benefit from the tax. The earliest Special Election date in the LOSST issue could be on the ballot 2019 is August 6th, meaning the City needs to notify the County Elections office by May 14th and ballot language would need to be adopted by the Council by May 31st. An August vote would enable the City to collect the full year's worth of sales tax revenues, if passed by the voters.

LOSST is monitored and collected by the Iowa department of Revenue. Elections for a LOSST are countywide, however, the tax only applies in the incorporated areas and unincorporated areas of the county where a majority vote in favor. LOSST cannot exceed 1%. The amount of money distributed to each city is based on population (75%) and property tax levies (25%). The population is based on the most recent census (2010). The property tax levies are based on the time from July 1, 1982 through June 30, 1985. Because LOSST is NOT based on simply the sales tax collected within the jurisdiction, a community that has a smaller business base (particularly retail base), such as Bondurant, benefits significantly.

The distribution formula is below:

$$D = (.75 \times P \times Z) + (.25 \times V \times Z)$$

D = distribution for the taxing jurisdiction

P = jurisdiction percentage of the population

V = jurisdiction percentage of the property tax levied

Z = the total collections for the county in which the jurisdiction is located.

Based on this formula, the anticipated revenue to Bondurant would be nearly \$600,000.

Following is a link to a fact sheet from the Iowa Department of Revenue about the tax.

<https://tax.iowa.gov/iowa-local-option-sales-tax-lost-questions-and-answers>


In 2017, the City of Bondurant had language on the ballot that read:

The revenues from the local options sales and service tax are to be allocated in the City of Bondurant as follows:

60% of said local options sales and service tax to be used for property tax relief.

40% of such revenues for street improvements, other public infrastructure improvements, and capital needs.

Staff developed an updated conservative estimate of the potential impact to the City's levy rate by taking just 50% of the anticipated revenues and applying those to the City's current fiscal year budget. It reduced the levy rate by \$1.32 and saves a property owner with an average valued home 7.6% in property taxes (even with the increased adjustment for higher assessed valuations).

<input checked="checked" type="checkbox"/> Resolution _____ Ordinance _____ Contract _____ Other (Specify) _____
Funding Source _____
APPROVED FOR SUBMITTAL _____  City Administrator

RECOMMENDATION: Modify as may be appropriate and approve Resolution for the City of Bondurant to file a motion to initiate a special election regarding the imposition of the Local Optional Sales and Service Tax (LOSST) for Bondurant, and direct the City Clerk to file the motion with the Polk County Auditor, and to notify the Polk County Board of Supervisors and the Polk County Election Office of the motion.

**CITY OF BONDURANT
RESOLUTION NO. 190422-45**

**RESOLUTION OF THE CITY OF BONDURANT, IOWA SUBMITTING THE QUESTION OF IMPOSITION
OF THE LOCAL OPTIONS SALES AND SERVICES TAX AND REVENUE ALLOCATION STATEMENT TO
REGISTERED VOTERS OF THE CITY OF BONDURANT, POLK COUNTY, IOWA**

WHEREAS, pursuant to Iowa Code Chapter 423B, on April 22, 2019 the City Council of the City of Bondurant, Iowa approved the submission of a resolution to the Polk County Commissioner of Elections requesting that the Commissioner establish an election and submit to the registered voters of that portion of the incorporated area of the City of Bondurant located in Polk County, Iowa a ballot measure regarding the imposition for an unlimited time of a one percent (1%) sales and services tax on that portion of the incorporated area of the City of Bondurant located in Polk County, Iowa; and

WHEREAS, Iowa Code 423B.1(4)(b)(2) requires that upon receipt by the county commissioner of elections of a motion or resolution requesting such submission adopted by the governing body of the city, the county commissioner of elections shall submit a ballot measure regarding the imposition of a local sales and services tax to the registered voters of the city if the city is located in a qualified county; and

WHEREAS, as defined by 423B.1(3)(c)(2), the City of Bondurant is located in a qualified county; and

WHEREAS, upon establishing the election, which is to be held on a date specified in Iowa Code section 39.2, the county commissioner of elections shall publish notice of the ballot measure and submit the question of imposition of a local option sales and services tax specifying the type and rate of the tax, the date the tax will be imposed and the approximate amount of local option tax revenues that will be used for property tax relief, and a statement as to the specific purpose or purposes for which the tax revenues will otherwise be expended; and

WHEREAS, as a municipality located within the jurisdiction of Polk County, the voters of Bondurant residing in Polk County shall be eligible to vote in the election; and

WHEREAS, following input and discussion, the City Council of the City of Bondurant has determined that an appropriate allocation of revenue to be derived from the implementation of the one percent local option sales and services tax is for direct city property tax reduction and all legal uses authorized by the state of Iowa, including use for public safety, public infrastructure, public parks, sports and recreational facilities and trails, and public library uses; and

WHEREAS, the City Council has further determined that it is in the best interest of the City that the ballot measure for the implementation of the local option sales and services tax not contain a sunset provision regarding its termination.

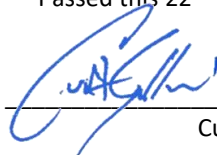
NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BONDURANT, IOWA, THAT:

1. The City Council of the City of Bondurant, Iowa hereby requests that the Polk County Commissioner of Elections establish an election date and submit to the registered voters of that portion of the incorporated area of the City of Bondurant located in Polk County, Iowa a ballot measure regarding the imposition for an unlimited time a one percent (1%) sales and services tax on that portion of the incorporated area of the City of Bondurant located in Polk County, Iowa.
2. The ballot measure to be submitted at the election established by the Polk County Commissioner of Elections regarding the imposition of a one percent local sales and services tax as authorized by Iowa Code 423B shall include the following:
 - a. Revenue from the one percent sales and services tax shall be allocated as follows:

- i. 60% of revenue will be applied to city property tax reduction for all property taxpayers in Bondurant;
 - ii. 40% of revenue will be applied directly to street improvements, other public infrastructure improvements, and capital needs.
- b. Shall the citizens of the City of Bondurant approve a local sales and services tax at the rate of one (1) percent in the incorporated area of Bondurant located in Polk County, Iowa, to become effective July 1, 2019?

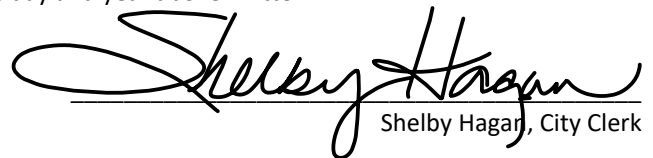
YES X or NO ____.

Passed this 22ND day of April, 2019,

By: _____
Curt Sullivan, Mayor

ATTEST: I, Shelby Hagan, City Clerk of Bondurant, hereby certify that at a meeting of the City Council held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand the day and year above written.

_____
Shelby Hagan, City Clerk

Council Action	Ayes	Nays	Abstain	Absent
Cox	X			
Elrod	X			
Enos	X			
Keeler	X			
Peffer	X			