



PROPOSAL FOR 1%
SALES TAX REVENUE
USAGES



BACKGROUND

- Proposed \$.01 Sales Tax Increase by the City of Northport to increase city revenue
- Change Northport total sales tax from 9% total to 10% total
- City portion of sales tax increases from 2% to 3%
- Historically Northport has underperformed in revenue generation versus cost of city operations
- Sales tax makes up \$9M in revenue for the city – 60% of which is from grocery sales
- The State of Alabama leave few other options regarding revenue generation by municipal bodies



FISCALLY
RESPONSIBLE
USE OF
ADDITIONAL
TAX FUNDS

- Responsible use of additional tax monies is required in order to demonstrate management of assets, allow targeted growth objectives, fill citizen needs, and protect operations
- Unreasonable or earmarked ideas could strain the flexibility needed in managing the city budget, commitment and assets
- General fund deposit of additional monies leaves open the ability to simply raise the spend limit without addressing any of the current or future city needs
- Therefore it is necessary to specifically identify budgetary “buckets” that money generated from this specific tax increase would be added



BUDGETARY CATEGORIES

- Three Budgetary categories for use of additional monies generated from sales tax increase. Categories would be a generic percentage
 - Use of minimum or maximum amount is encouraged
 - Set a maximum category value that prevents excess fund accumulation
 - Automatic Council review of percentage the first full budget after election year to ensure common sense allocation occur
 - Automatic tax renewal each 10 years unless super majority vote to revoke the \$.01 increase

CATEGORIES

- Responsible
- Economic and Community Enhancement
- Enjoyment



RESPONSIBLE

- Responsible category is meant to address specific shortfalls in budget areas
- There is no limit on the amount of the \$.01 yearly sales revenue increase
- Responsible elements permissible are:
 - Debt Service – permissible to use funds to accelerate repayment of existing obligations in order to free up future monies and/or decrease interest. This covers internal or external debt.
 - City Reserves – as long as the city reserve is either below mandated levels or city goals, monies can be used to increase city reserves to those mandated levels
 - Specific infrastructure – minimum of 1.0 to 1.0 match of gas tax generated road paving budget. In the event of unusual event or circumstances, a maximum of 2.0 to 1.0 match of gas tax can be added to the road paving budget
 - In the event of a drastic change in revenue generation, ie economic downturn, funds can be used to maintain critical city functions and operations



ECONOMIC & COMMUNITY ENHANCEMENT

- Economic and Community Enhancement category is meant to address the changing face of city growth and improve a Northport identity
- Maximum 50% allocation of the \$.01 yearly sales revenue increase
- Economic and Community Enhancement elements permissible are:
 - Façade Improvement Program
 - Recycling and Waste Reduction Programs
 - Streetscape Projects
 - Education and Entrepreneurial Programs
 - Downtown/Riverfront Redevelopment Projects
 - Sidewalk Installation and Maintenance
 - Signage and Wayfinding Projects
 - Marketing Campaigns
 - Property Acquisition
 - Preserving Cultural and Historical Assets
 - Blight Removal
 - Tree Giveaway/Arbor Day Programs



ENJOYMENT

- Enjoyment category is meant to address the outdoor activity element of city living
- Maximum 50% allocation of the \$.01 yearly sales revenue increase
- Promotes preservation of natural/green spaces
- Outdoor Activity elements permissible are:
 - Outdoor recreational areas inclusive of parks, sporting fields/venue, nature park/trails, green spaces, bike paths etc
 - Cost of cooperative agreements with outside agencies can be included
 - Cost of acquiring/leasing property for the sole purpose of items listed above
 - Extraordinary maintenance items arising from specialty nature of an outdoor activity element can be considered
 - Relocation of historic/civic structure to an area designate for outdoor activity can be considered