PROPOSAL FOR 1% SALES TAX REVENUE USAGES
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
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.
• 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 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 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