

## Special Revenue Sales Tax Background – 2008 to today...

In November 2008, Lawrence voters approved three special revenue sales tax initiatives to be collected for ten years starting in April 2009:

A **0.2% sales tax** to be combined with fare box receipts to provide operational funds for the transit system replacing the property tax funding source.

A **0.3% sales tax** to provide funding to address infrastructure and equipment projects proposed to be in addition to base maintenance annual spending.

A **0.05% sales tax** for Public Transportation expansion such as a transit hub; some \$5.7 million has been collected in the fund and not yet spent.

In 2008, the year before these taxes were started, property tax and sales tax revenues were each about 50% of the combined sales and property tax revenue; in 2016, the percentage of property tax in the total property and sales tax combined revenue had lowered to 43% and sales tax increased to 57%.

In early 2009, a Sales Tax Audit Committee was created by the City Commission to confirm that the new sales tax revenue was spent in accordance with the authorized uses of these special revenue funds. The Commission has indicated it would update the ordinance to keep the Sales Tax Audit Committee in place if the sales taxes are approved.

The taxes were set to expire after ten years in 2018; to continue after 2018 they must be re-approved in an election.

## Current Lawrence Sales Tax

State of Kansas	6.50%
Douglas County	1.00% <i>(approved in 1994)</i>
City of Lawrence*	<u>1.55%</u>
Total Sales Tax	9.05%
+ an additional 1% in special taxing districts	

City of Lawrence*	
General Operations	1.00% <i>(Combination of two 5% taxes approved in 1971 &amp; 1990)</i>

Infrastructure	0.30%
Transit Operations	0.20%
Transit Expansion	0.05%

### ALL BALLOTS IN THE CITY OF LAWRENCE HAVE 3 SALES TAX QUESTIONS:

1. Public Transportation
2. Infrastructure and Equipment
3. Affordable Housing

All the ballots in the county have school board candidates for the various school districts in the county.

Baldwin City and Lecompton ballots have candidates for Mayor and City Council.

Eudora and Lawrence ballots have candidates for City Commission.

Some drainage districts have candidates.

**Find your sample ballot:** Search for your voter registration on the Douglas County KS website and then click on Sample Ballot.

<http://www.douglas-county.com/mycounty/voting-and-elections/voter-reg-search.aspx>

Sales tax information from the city:  
[www.lawrenceks.org/sales-tax/proposal](http://www.lawrenceks.org/sales-tax/proposal)



League of Women Voters  
Lawrence-Douglas County

## Sales Tax Renewal Proposals in the Nov. 7 Election

For Public Transportation,  
Infrastructure & Equipment,  
and Affordable Housing

[www.lawrenceleague.com](http://www.lawrenceleague.com)

### ELECTION CALENDAR

- Oct. 17th** – Registration ends at 5 pm.
- Oct. 18th** – Advance Voting begins by mail & at the County Courthouse
- Oct. 31st** – LAST DAY to request an ADVANCE BALLOT be MAILED
- Nov. 6th** – Advance Voting until noon
- Nov. 7th** – GENERAL ELECTION

## Question 1

### 0.2% Sales Tax for Public Transportation Operations

If the majority votes YES, public transportation operations would continue to be supported with a 0.2% sales tax. These sales tax revenues combined with fare box receipts to provide operational funds for the transit system. Prior to the 2008 election, transit operations were funded with property taxes. The .2% sales tax is estimated to generate \$4.2 million annually from 2019 through 2028.

2009-2017 City routes Service Facts (non-KU only)

- 50% increase in routes
- 17% increase in service areas
- Increased service hours from 14 to 24
- 26% decrease in bus stop wait times
- 271% increase in ridership since 2008

#### **What people are saying:**

- *The transit system is critical to non-driving citizens; e.g. rides for Cottonwood clients*
- *Sales tax spreads the tax burden across both citizens and visitors*
- *We want robust transportation operations; the enhanced ridership lets the city collect more in state and federal matching funds*
- *This Special Revenue sales tax will sunset in 10 years; if sales tax is the preferred method to fund transit operations, it will most likely be on the ballot again in ten years...if not approved, operational funding for the transit system will need to be provided from another source, e.g. return to property tax as a funding source*
- *A sales tax is regressive, which overly burdens citizens with lower incomes. Perhaps fare reductions could be implemented for bus riders who live at or below the poverty level*

## Question 2

### 0.3% Sales Tax for Infrastructure & Equipment

If the majority votes YES, infrastructure and equipment projects would continue to be supported by a 0.3% sales tax in addition to base maintenance annual spending. The .3% sales tax is estimated to generate \$6.3 million annually from 2019 through 2028.

Infrastructure fund has been used to fund projects solely or combined with state funds for projects like:

- Intersection at 6<sup>th</sup> and Iowa
- 19<sup>th</sup> Street, Iowa to Naismith
- Wakarusa, Bob Billings Parkway to Harvard
- Multiple projects on Kasold
- Fire Equipment
- Burroughs Creek Trail and Haskell Rail Trail
- Maple Lane Pump Station

Bicycle and pedestrian projects are added for 2018 and beyond in the Capital Improvement Plan (CIP).

#### **What people are saying:**

- *Funds spent on road maintenance reduce future repair costs*
- *The city needs additional funds to address changing growth needs.*
- *The current CIP identifies the projects that could be implemented in the next 5 years*
- *The proposed projects do not include funding for sidewalk maintenance on private properties; the requirement that individual property owners maintain their sidewalks remains*
- *We should cover maintenance and road construction within the general budget*
- *A sales tax is regressive and overly burdens those who live at or near the poverty level*

## Question 3

### 0.05% Sales Tax for Affordable Housing

If the majority votes YES, the 0.05% sales tax would continue but after March 2019 it would be re-purposed to enhance affordable housing availability in Lawrence rather than spent on transit expansion. The 0.05% sales tax is estimated to generate \$1 million annually from 2019 through 2028.

"Affordable housing" is deemed affordable to those with median household incomes. A commonly used index is a housing cost that does not exceed 30% of a household's gross income.

Although there are no specific plans, any tax expenditures would be overseen by the City Commission with advice from the Lawrence Housing Advisory Committee; funds could be used to:

- Provide and improve quality, availability and affordability of housing in Lawrence
- Acquire land for future affordable housing
- Invest in private/public partnerships for the construction of affordable housing
- Provide support services to help maintain stable housing for those in need

#### **What people are saying:**

- *Affordable housing in Lawrence is limited*
- *A HUD study estimates that 21.52% of Lawrence households experience severe housing cost burden, spending more than 50% of their monthly income on housing*
- *550 other municipalities support affordable housing without utilizing sales tax*
- *Plans for use of funds and the decision-making framework for them are unclear*
- *Additional suggestions made in May 2017 by the Affordable Housing Advisory Committee and the housing market study are still awaiting City Commission action*