



Sales Tax Measure – June 5, 2018

Frequently Asked Questions

City Hall – (559) 897-5821

11/21/2017

At the regularly scheduled Kingsburg City Council Meeting on Wednesday, November 15, 2017, City Council approved moving forward with a 0.75% General Sales Tax Measure to be brought to the public for a vote on June 5, 2018.

A 0.75% sales tax increase is projected to provide approximately \$700,000 annually to the City of Kingsburg. Kingsburg City Council voiced that they would want to ensure there is an oversight committee, annual reporting for the funds and a 10-year sunset clause. Funds are proposed to be used for police, fire, EMS, parks and recreation/sports facilities.

Questions/comments can be directed to [City Manager, Alex Henderson](#). We also encourage you to sign up for our weekly e-newsletter, the [Kingsburg Carrier](#), which contains current, relevant information to keep you informed.

Q. Why is Council exploring a new tax?

- A. Currently, Kingsburg has the lowest sales tax rate (7.975%) in Fresno County. Of that, the City receives 1% to help pay for local programs and services (such as police, fire, parks, etc.).

Residents have long expressed a desire for additional public safety personnel, infrastructure and recreational opportunities. Without an additional dedicated source of revenue, expansion of programs or departments is cost prohibitive.

Q. Has Council explored other options?

- A. Yes. The Council has been examining other options for nearly 24 months. The City's Finance Committee and Public Safety Committees have assisted with this process. Originally, Council sought feedback for a specific tax measure (public safety only) that was generated through a property tax. However, many current residents insisted that this would negatively affect homeowners, and the costs should be shared equally.

Q. Are there other ways to produce more revenue? What about attracting more businesses to town?

- A. Attracting and retaining businesses are always at the forefront of the City's economic development strategy. The City currently collects approximately

\$950,000-\$1,000,000 annually from the 1% ad valorem tax. In order to produce enough new revenue to support the hiring of new personnel, we would need to nearly double our existing business sales tax generation.

In addition, there are a number of factors that contribute to how and why businesses decide where to locate. If you look at national trends, traditional brick and mortar stores are struggling with consumers choosing to purchase items online. Major retailers (Target, Costco, etc.) have very specific data set requirements that must be met prior to building or locating. Kingsburg simply does not meet their population targets. We enjoy the benefits of having a small community (safe, clean, quality of life), but there are drawbacks when it relates to attracting large sales tax generators.

Q. What will the new tax pay for?

- A. Council has indicated a desire to increase our public safety presence as well as address public space/recreation needs. Currently, public safety consumes between 75%-80% of general fund spending. It is safe to assume future revenue growth would follow a similar expenditure pattern.

Council has also heard from private citizens and groups about the need for more/improved recreational space. This measure would give flexibility to allow for spending to improve those areas of concern as well.

Examples from a potential Year 1 Expenditure Plan:

- Additional Police Sergeant
- Additional Police Officer
- Funding for Fire Engine Replacement (one-time purchase)
- Additional Training
- Equipment (Police Vehicle & Technology for new hires)
- Capital set aside for existing parks improvements (playground, splash pad, etc.)

Years 2 & 3 include the addition of two more police officers and three firefighter/EMTs after one-time purchases are completed.

The above scenarios are possibilities of an expenditure plan that would be implemented through the regular budget process.

Q. How can we be sure the funds will be spent on these items?

- A. In order to ensure funds are spent as promised, the proposed measure will include strong fiscal responsibility language, including:

- Annual, independent financial audits
- Citizen's Oversight Committee
- A Separate Measure Fund to track new revenue spending.

- 10-year sunset clause (tax ends after 10 years if not renewed)

The Council has indicated they plan to spend any new funds similar to how existing funds are appropriated, with nearly 80% going towards public safety services.

Q. How much is the tax?

- A. Currently, the proposal is an additional .75%. A 0.75% sales tax increase is projected to provide approximately \$700,000 annually.

The tax would be added during all transactions that include sales tax. Sales Tax, for the most part, is point of sale. People pay 1% of the purchase price in sales tax for the City of Kingsburg. The state and county also get sales tax from the purchase. As a result, shopping locally means the City receives 1% on the total price of anything bought in the City. Currently, a 20-gallon gasoline purchase at \$3.00 a gallon means the City gets (1% x 20 x \$3.00 = \$0.60) from the purchase of those 20 gallons. **So, the new tax of .75% would add \$0.45 to the total purchase of 20 gallons of gas, and those funds would come directly to the City.**

The same is true for purchases at restaurants, department stores, home supply stores, car repairs (parts only), etc. Buying from online retailers like Amazon returns only about 1% of 1% back to the community because it goes through the County Pool and Kingsburg makes up roughly 1% of the County Pool.

Q. What items do I pay sales tax on?

- A. All qualifying purchases made within the City of Kingsburg (as well as in-lieu) will come back for City. However, essential services such as medicine and groceries are exempted from sales tax.

Q. Why a sales tax rather than a property or parcel tax?

- A. The Council explored all types of revenue generating avenues. While a parcel tax was viewed as a stable mechanism, it was also viewed as regressive (meaning owners of smaller, or lower valued properties pay the same as owners of larger, higher value properties).

Property owners also contested that this left them to bear the burden for financing services/programs that provide benefits to the community at large. A sales tax means that local and visiting residents will pay their share.

Q. What other projects could this funding pay for? Can I get my alley or road repaired?

- A. The City has separate, dedicated funds that are used toward road and alley maintenance. With the assistance of federal grants, we've completed over \$10mm in road repairs over the last ten years. These repairs are determined based upon condition and location (roads receive higher priority than alleys).

Also, the California legislature recently passed a new gas tax that will provide additional funding toward the maintenance and repair of roadways.

Q. If the measure is passed, will funds be used to bring back a local dispatch center?

- A. No. The new measure is set to produce roughly \$700,000 annually. These funds would need to be directed toward additional officers, firefighters, equipment, and improving our green space and amenities.

The move toward a centralized dispatch center was done with a long-term vision of financial responsibility and efficiently answering and dispatching calls in the case of an emergency.

Q. Will a higher sales tax prohibit businesses from locating here or people from shopping here?

- A. From a business perspective, we are currently the lowest percentage in the County, and any increase would put us in line with other jurisdictions in Fresno Co. When a company is deciding to locate (or relocate), there are other factors that weigh much more heavily into their decision making process (cost of land, workforce, etc.).

From a consumer standpoint, most individuals are not aware of the differing percentages of sales tax from jurisdiction to jurisdiction. For example, while Kingsburg is at 7.975%, and Selma is at 8.475%, most would not notice a discernable difference in a cup of coffee bought in one place versus the other.

What does make a difference in businesses and individuals deciding to locate to a community is some of the benefits this measure is attempting to maintain and enhance:

- Public safety (feeling of safety when in our community)
- Cleanliness
- Family amenities
- Quality of life (good parks, recreation opportunities, walkable streets)

While this list is intended to provide answers to many of the questions we've received, please contact City Hall at 897-5821 if you have additional questions or concerns. You can also email [City Manager Alex Henderson](#). Don't forget to sign up for the [Kingsburg Carrier](#).

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