

City of Lake Worth Special Election Proposition A - Reallocation of Sales & Use Taxes

On August 8, 2017, the City Council approved an ordinance calling for a special election for the purposes of submitting a proposition for adoption or rejection on the question of reallocating the dedicated sales and uses taxes of the Economic Development Corporation and the Street Maintenance Sales Tax to the General Sales Tax.

What is Sales and Use Tax?

The State of Texas imposes a state sales tax of 6.25% on all retail sales, leases and rentals of most goods, as well as taxable services. Cities may impose local sales tax at a rate of up to 2% for a combined state and local tax rate not to exceed 8.25%. State law capped the amounts of the additional sales and use taxes. For example, the rate of the general revenue sales tax was set at 1.0% and dedicated sales taxes such as economic development corporation sales tax could not exceed .50%. Similarly, the street maintenance sales tax could not exceed .25%.

What is the City of Lake Worth's Sales and Use Tax Rate?

The City of Lake Worth currently imposes sales and use taxes at the rate of 8.25%, of which 2% is allocated as follows:

- | | | | |
|-------------------------------------|------|---------------------------------------|------|
| • City of Lake Worth General Fund | 1.0% | • Street Maintenance | .25% |
| • Community Development Corporation | .50% | • Crime Control & Prevention District | .25% |

Why is the City Council calling a special election?

On September 1, 2015, House Bill 157 went into effect which essentially removed the current caps on the general and dedicated sales taxes and authorizes a city to hold an election to *reallocate sales tax revenue within the two percent local sales tax cap*. In a nutshell, the bill allows a city to assess its funding priorities and reallocate the distribution of its general and dedicated sales taxes, so long as the total local tax rate does not exceed 2%.

What is the Ballot Language?

"THE ABOLITION OF THE LOCAL SALES AND USE TAX FOR THE BENEFIT OF THE TYPE B ECONOMIC DEVELOPMENT CORPORATION WITHIN LAKE WORTH; THE ABOLITION OF A LOCAL SALES AND USE TAX IN LAKE WORTH FOR THE MAINTENANCE AND REPAIR OF MUNICIPAL STREETS; AND THE ADOPTION OF A LOCAL SALES AND USE TAX IN LAKE WORTH AT THE RATE OF ONE AND THREE-FOURTHS PERCENT."

[] FOR [] AGAINST

Why is the ballot language worded this way?

State law allows for a combined ballot proposition which protects the city's interest by eliminating the risk that one tax will be voted out by the citizens without the other tax being voted in. State legislation governs requirements for the wording of the ballot, which has led to some confusion due to reading "...and the adoption of a local sales and use tax..."

The proposition does not call for an increase in the overall sales tax rate. If the proposition is adopted by the voters, there will be **absolutely no increase in the overall sales tax rate**. It will **reduce** the Economic Development Corporation Sales and Use Tax from .50% to .0% and the Street Maintenance Tax from .25% to .0% and **increase** the City of Lake Worth General Fund from 1.00% to 1.75%. If the proposition is not adopted, there will be no change in the sales tax rates.

What is the Economic Development Corporation Sales Tax and how is it used?

This is a Type B Economic Development Tax Section 4B can be used to fund projects that are typically considered to be community development initiatives. Funds can only be used for authorized categories under Section 4B of the Development Corporation Act. Expenditures by the Economic Development Corporation must be approved by the Town Council prior to expenditure.

The Economic Development Corporation sales and use tax currently generates approximately \$2,100,000 per year.

What is Street Maintenance Sales Tax and how is it used?

This tax provides revenue for maintenance and repair of municipal streets. Funds may be used only to maintain and repair municipal streets and sidewalks that existed on the date of the election to adopt the tax. Funds may not be used to build new streets. The Street Maintenance sales and use tax currently generates approximately \$1,100,000 per year.

**City of Lake Worth Special Election
Proposition A - Reallocation of Sales & Use Taxes**

If you would like more information about the Special Election or have questions, please attend our Community Meeting. If you can't make the Community Meeting, please feel free to contact salmond@lakeworthtx.org or call 817.237.1211 Ext 105 for more information.

Community Meeting

October 16th

6:00 p.m. – 7:00 p.m.

Location: Multi-Purpose Center

7005 Charbonneau Drive

Early Voting

October 23 – 27	Monday – Friday	8:00 a.m. – 5:00 p.m.
October 28	Saturday	7:00 a.m. – 7:00 p.m.
October 29	Sunday	11:00 a.m. – 4:00 p.m.
October 30 – 31	Monday – Tuesday	8:00 a.m. – 5:00 p.m.
November 1	Wednesday	8:00 a.m. – 5:00 p.m.
November 2 – 3	Thursday – Friday	7:00 a.m. – 7:00 p.m.

Location:

The main early voting site in Lake Worth will be at the Tarrant County Sheriff's Office, North Patrol Division, 6651 Lake Worth Blvd, Lake Worth, TX.

Various other locations in Tarrant County will be supplied by Tarrant County Elections.

Please visit www.access.tarrantcounty.com for more information.