



# CITY OF ASHLAND LOCAL SALES TAX QUESTIONS

## ASHLAND, MO

### April 4th, 2023

In January 2023, the Board of Aldermen voted to place a sales tax question on the upcoming April 4th election. This decision is the result of months of discussion and workshops at the Board level to determine a path forward to provide additional funding for the City departments that need it most. The discussions started as consideration of imposing impact fees on new construction homes in the City in an effort to generate additional funding for street repairs. Through discussion with the public and community stakeholders, the Board identified that most felt impact fees would be insufficient and unreliable when looking to improve revenue streams. As such, the Board discussed moving forward with a sales tax ballot measure that would provide direct funding injections to the streets department and the police department in a consistent and sustainable manner.

The ballot language shall read:

**Shall the municipality of Ashland, Missouri, impose an additional City sales tax of one percent (1.0%) for the purpose of funding the street department and police department with no less than 40% of the annual tax revenue going to funding the street department and no less than 40% of the annual tax revenue going to funding the police department; and if this sales tax is approved by the voters, then the next occurring property tax levy for the City of Ashland shall be at least 25 % less than the property tax rate in place at the time this sales is approved.**

YES       NO

**If you are in favor of the question, place an "X" in the box opposite "YES". If you are opposed to the question, place an "X" in the box opposite "NO".**

The Board of Aldermen voted to split the anticipated revenues between the streets department and the police department. These two departments in particular are reliant on existing sales tax revenues to fund the majority of their budgets. Due to residential growth outpacing commercial and retail growth, these two departments struggle to keep up with the demands of the community and the funding needs of their operations. The proposed sales tax would provide much needed support for these departments that helps them address existing shortfalls and catch up on overdue projects and larger equipment purchases.

To allow for a level of flexibility in any given year, the Board approved a revenue split that would ensure neither department received less than 40% of the annual revenues.

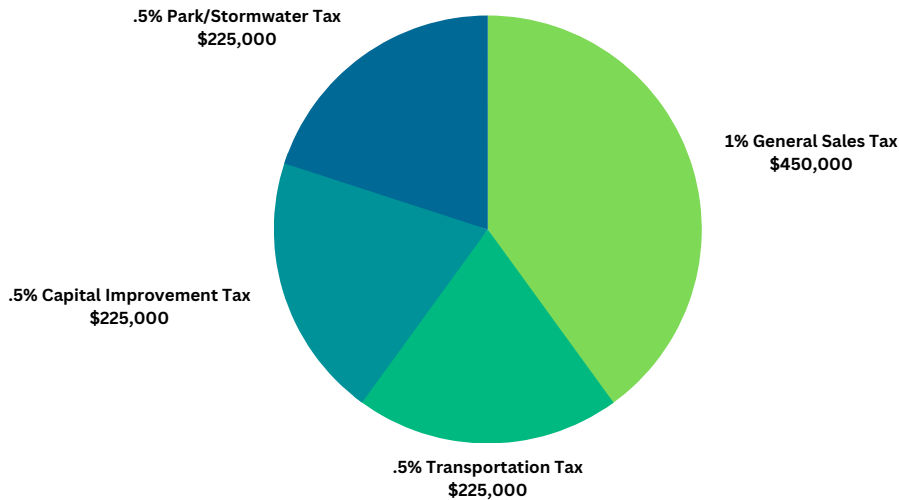
## Purpose and Benefit

If approved by voters, these revenues would have no impact on the upcoming 2024 Fiscal Year, running from May 1, 2023 to April 30, 2024. Fiscal Year 2025 would be the first fiscal year where these revenues would have an impact on the annual budget.

Here is some basic information regarding the proposed sales tax.

- At 1% (or one additional cent) the City would generate approximately \$450,000 in revenue a year which translates to \$225,000 per year to both the streets department and police department. Or, \$270,000 and \$180,000 to either department at the maximum 60/40 annual split.
- If approved by voters, the Board of Aldermen would roll back the property tax rate for Ashland residents by 25 percent. This would reduce the local levy rate on real estate and personal property from 0.24 cents to 0.18 cents. This would result in an average annual cost savings of approximately \$20 on a real estate tax bill and approximately \$10 on a personal property tax bill.
- The property tax rollback would be set in August of 2023 during the annual process to set the City's property tax rates. Once lowered, the property tax rate would remain at 0.18 cents until a majority of voters approve raising it. The City has the ability to ask voters to raise this levy up to one whole dollar.
- The property tax rollback would only impact the City of Ashland's property tax rate, which is currently 0.2404 cents of the total \$7.1373 consolidated rate for Ashland residents. This consolidated rate is available on your most recent tax bill and shows the breakdown of rates across taxing entities.
- Tax rates are calculated against every one hundred dollars of assessed value. You may use your most recent tax bill to calculate personal savings should the Ashland property tax rate be rolled back.
- To view your most recent, or historic tax bills, visit the Boone County Collector online at:  
<https://www.showmeboone.com/collector/>  
and click on "Search & Pay Tax Bills"

# Current City of Ashland Sales Tax Revenue Generation



The current .5% Transportation Tax makes up approximately 40% of the annual revenues for the Streets Department. These revenues, in conjunction with approximately \$200,000 in County Road Tax Replacement, make up the annual Streets budget for road repair, replacement, and capital outlay. The remaining approximately \$150,000 in annual revenues are used exclusively for salary and benefits for the Streets Department. An additional 1% sales tax would increase the department's annual spending on road repairs and maintenance, stabilize capital outlay and equipment replacement programs, and enable the department to remain competitive across the region with regards to salary and benefits.

The current 1% General Sales Tax accounts for approximately a third of the annual budgeted revenues for the General Fund. The General Fund includes the Police Department, which accounts for approximately one half of budgeted expenditures for the General Fund. An additional 1% sales tax would increase the department's annual spending on capital equipment outlay and replacement, stabilize vehicle and capital equipment replacement programs, and enable the department to hire at least one additional full-time officer while also keeping salaries and benefits for police officers competitive with the region. The increased funding would first be utilized to address equipment needs in order to address critical equipment needs for patrol officers. Future fiscal years would allow more of the funding to be earmarked for staffing.

In addition to the local sales tax question, the Board of Aldermen voted to place an additional sales tax question will be on the ballot. This additional question pertains to the sale of recreational adult use marijuana and reads as follows:

### Proposition A

Shall the City of Ashland, Missouri impose a city sales tax of Three Percent (3%) on the sales of adult use marijuana sold at retail?

YES  NO

If you are in favor of the question, place an "X" in the box opposite "YES". If you are opposed to the question, place an "X" in the box opposite "NO".

While this question is important, it currently would have no impact on the City as we do not have a recreational dispensary located within the corporate limits of Ashland. The Board of Aldermen voted to place this question before the voters in order to stay in line with other municipalities within the County.

Due to not having a current dispensary, the City would receive no additional income from this ballot question if it were approved by the voters. With the lack of a dispensary, it also makes it difficult to estimate what potential revenues could be generated by a recreational marijuana sales tax. The Board of Aldermen is currently reviewing the City's zoning code to determine if changes should be made to allow for a dispensary to exist within the City limits of Ashland.