

Finance Committee

10/27/2022

**Topic: Local Option Tax – assigning revenue discussion
Capital Improvement Fund**

Members present: Davis, Ettori, Savage, Talbott, Whitcomb

Others present: Mayor Allaire, President Doenges, Treasurer Markowski, Alderman Gillam, Alderman Barbogallo, Alderwoman Tadio, Alderman Depoy.

Meeting called to order at 5:30pm.

Committee chair Whitcomb outlined the purpose of the meeting was to discuss and potentially determine how revenue received through the implementation of a local option tax would be assigned. Treasurer Markowski shared that the implementation of a local option sales tax would generate approximately 1.2 million dollars in annual revenue. Alderwoman Davis and Mayor Allaire both offered caution related to being too specific in assigning the revenue received through a local option sales tax. Mayor Allaire noted that the primary issues in need of being addressed seemed to be tax payer relief, pension debt obligations, and capital improvement. The committee discussed that all revenue received would provide property tax relief regardless of how it may be assigned as it would offset the burden of property owners. Alderman Depoy inquired how much a taxpayer would save annually if 50% of the local option tax revenue was applied directly to taxpayer relief. Treasurer Markowski stated that approximately \$88 dollars a year for a home assessed at \$150,000 would be saved by the taxpayer. The committee discussed how a breakdown of 50% toward direct tax-payer relief, 25% toward pension funding, and 25% toward capital improvement would impact taxpayers. Following that discussion Alderman Talbott suggested he would rather see a large amount of the local option sales tax revenue applied toward capital improvement funding. Alderman Doenges shared he agreed with Alderman Talbott's proposal of applying more funding toward capital improvement. The committee discussed at length the advantages and disadvantages of being too specific in assigning percentages of revenue received from the implementation of a local option tax to specific municipal needs. The committee largely expressed consensus in wishing to have flexibility in assigning funds received on annual basis through the local option sales tax. The committee discussed that in order to adopt a local options sales tax it would need to be done through a charter change and voted on by city residents.

A motion was by Alderwoman Davis made to refer to Charter and Ordinance the discussion of placing a question on the March 2023 ballot to adopt a local options sales tax that would outline the restriction of the use of funds. The motion passed 5-0

Alderwoman Davis made a motion to create a capital improvement fund that will be partially funded through a percentage of the local options sales tax. The motion passed 5-0.

The meeting adjourned at 6:50pm.