



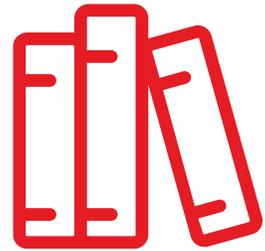
Local Option Sales Tax

April 11, 2024

David Jones, City Manager



Goals



Provide information
regarding local
sales tax



Opportunity to
ask questions

Strategic Planning Goals

Goal 2.4:
Reduce the City's debt burden

Goal 2.5: Diversify Revenue Sources

Local option sales tax provides a sustainable and diversified revenue source that helps balance the tax burden across different sectors of the community

About Local Option Sales Tax



Local Option Sales Tax

Counties and cities in Iowa can impose up to a 1% tax on sales.



Revenue Purpose Statement

The city council must designate how the funds will be allocated through a revenue purpose statement.



Property Tax Relief

At least 50% of local option sales tax revenue must be used to provide property tax relief to residents.

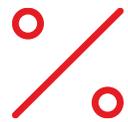


Voter Approval

A referendum must be held in Ankeny to approve local option sales tax. A majority plus one vote is required to pass the referendum.

Enacting a local option sales tax in Iowa requires voter approval through a referendum.

About Local Option Sales Tax



1% sales tax

A 1% sales tax is applied to retail sales and some services in Iowa where approved.



Online sales

Local option sales tax is collected from online sales in some circumstances.



Revenue Distribution

County wide collection then distributed to participating cities based on a formula.



Polk County

The 1% tax applies to any applicable retail purchase or contracted service in major cities in Polk County (except Ankeny).

Local option sales tax is a 1% sales tax applied to retail and services in Iowa counties and cities where approved.

Local Option Sales Tax as a Revenue Source

1. Way to reduce debt, diversify revenues and rely less on property taxes
2. A dedicated revenue source for streets, trails and parks without raising property taxes
3. Ensures fair contribution from everyone, including nonresidents

How Local Option Sales Tax is Distributed

All local option sales tax collected in Polk County goes into a special fund.

This fund is distributed among the jurisdictions within the county that enact local option sales tax.

Distribution to each city is determined by a combination of population and property tax levy.

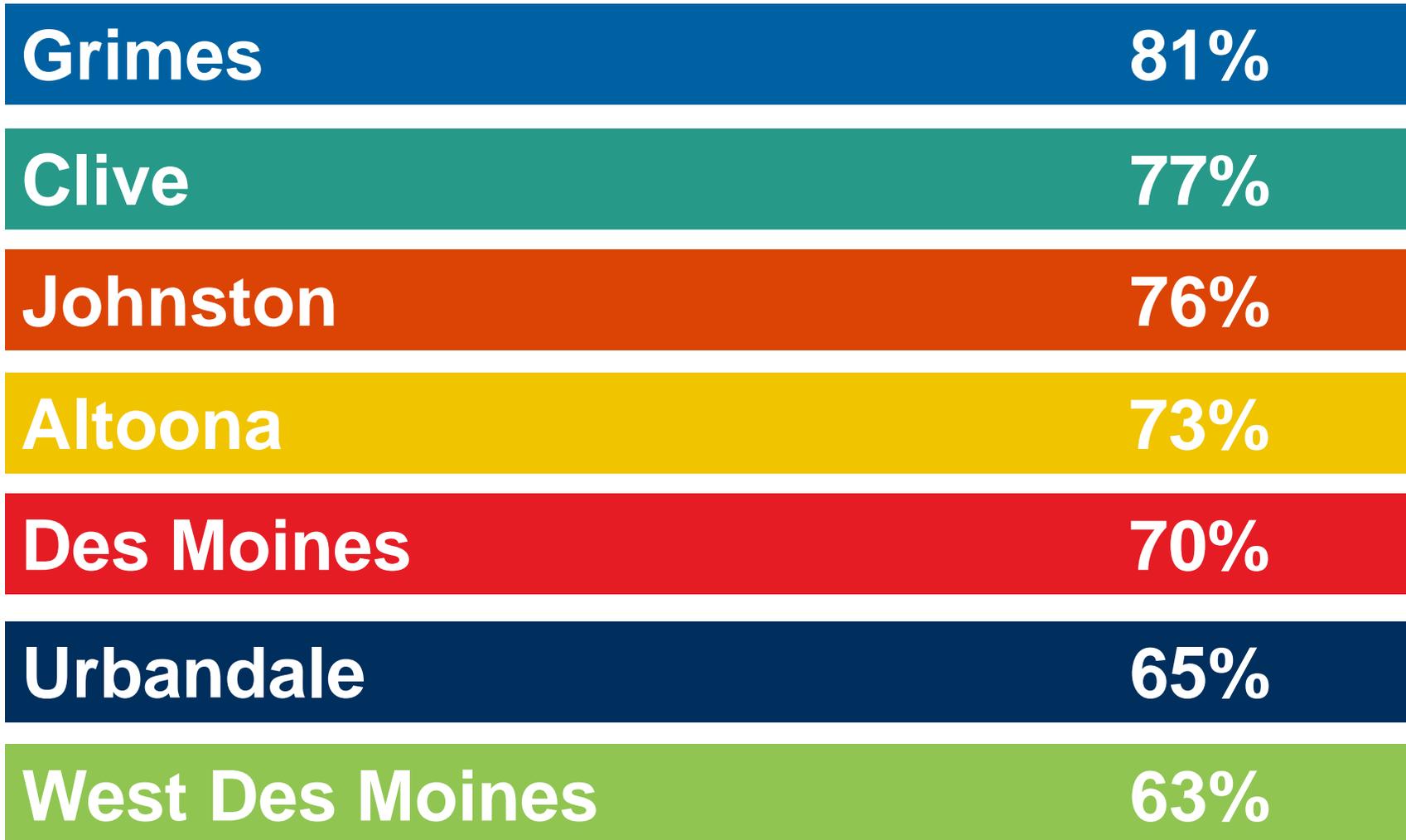
Ankeny is the
ONLY
city in
Polk County
without local option
sales tax

Ankeny is
1 of 11
cities in Iowa
without local option
sales tax

98.8%
of cities
in Iowa
have local option
sales tax*

**Iowa Department of Revenue*

Polk County Residents Supported Local Option Sales Tax



2021 Citizen Survey Results

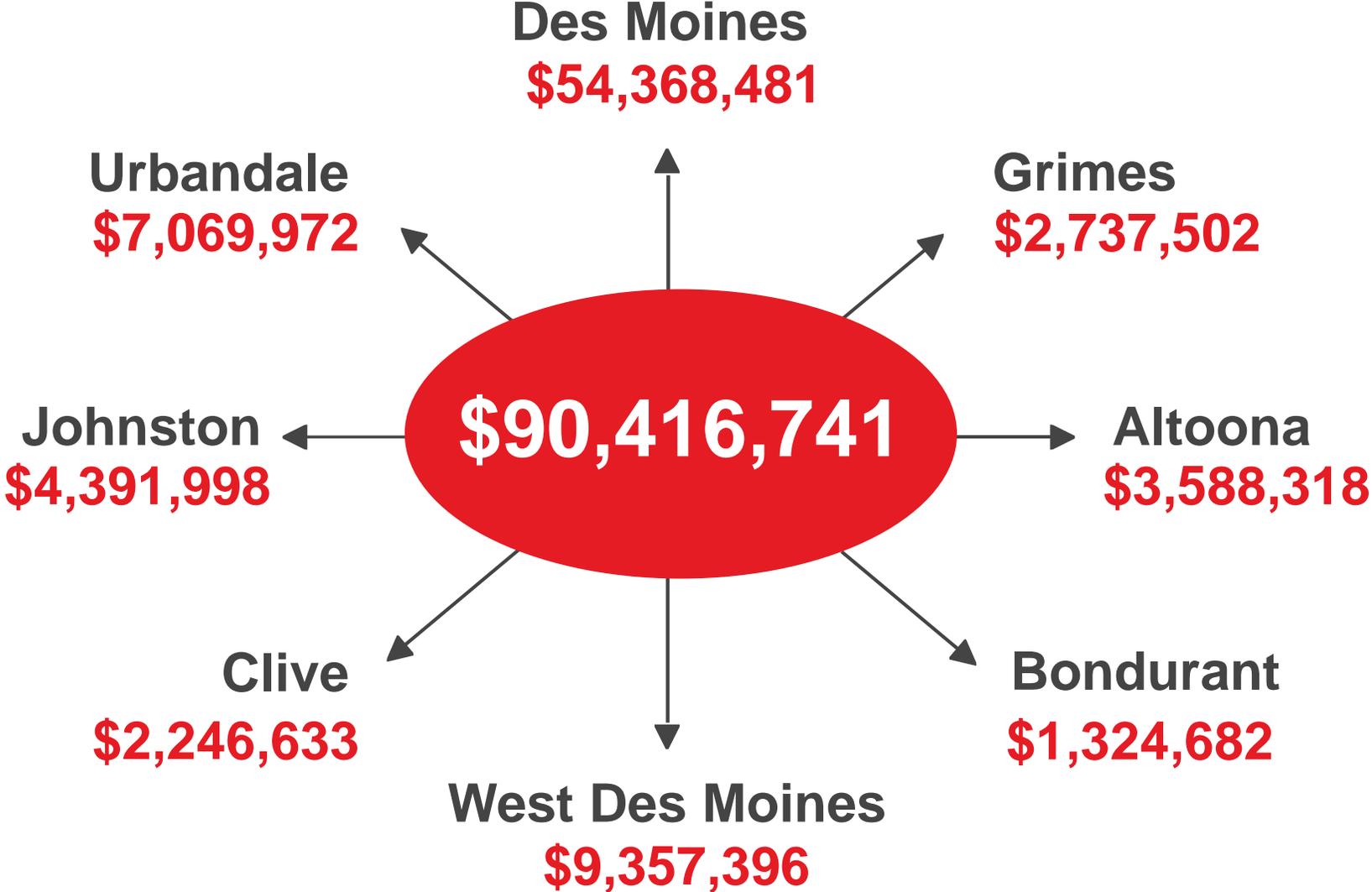
Ankeny residents were asked:

“How much would you support or oppose a new 1-cent sales tax (total sales tax rate of 7%) that would go to the City for the following purposes: property tax reduction, recreational/cultural amenities, and capital project/infrastructure funding?”

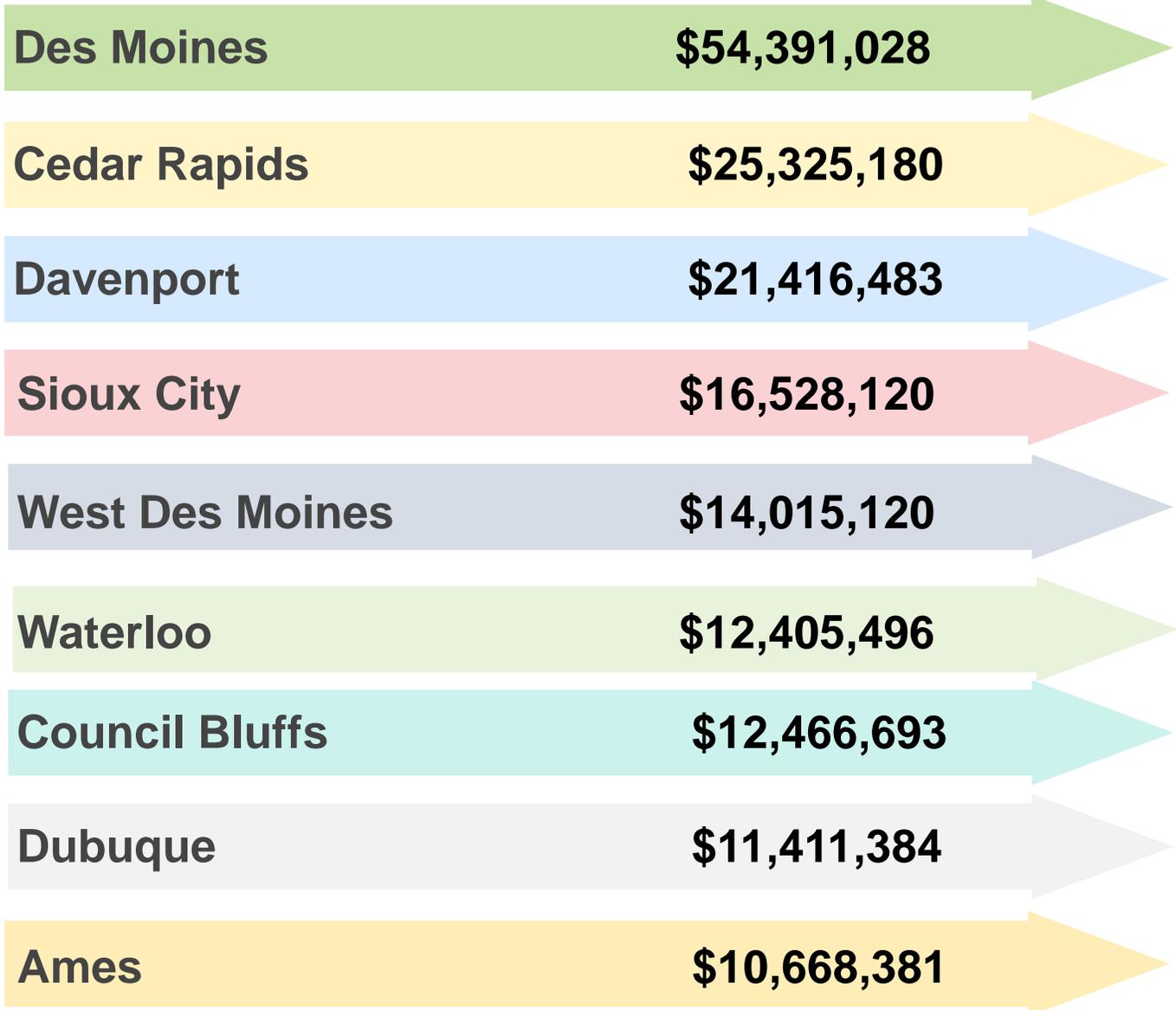
Strongly/somewhat support 70%

Strongly/somewhat oppose 30%

FY 2023 Payments to Cities in Polk County



Local Option Sales Tax Impact on the Largest Cities in Iowa



More than
\$543 Million
in local sales tax revenue collected in the state of Iowa in FY 2023

**It's estimated that Ankeny
would have received more**

\$10.5 Million

**In local option sales tax
revenue in FY 2023**

Who pays the \$10.5 Million in sales tax in Ankeny?



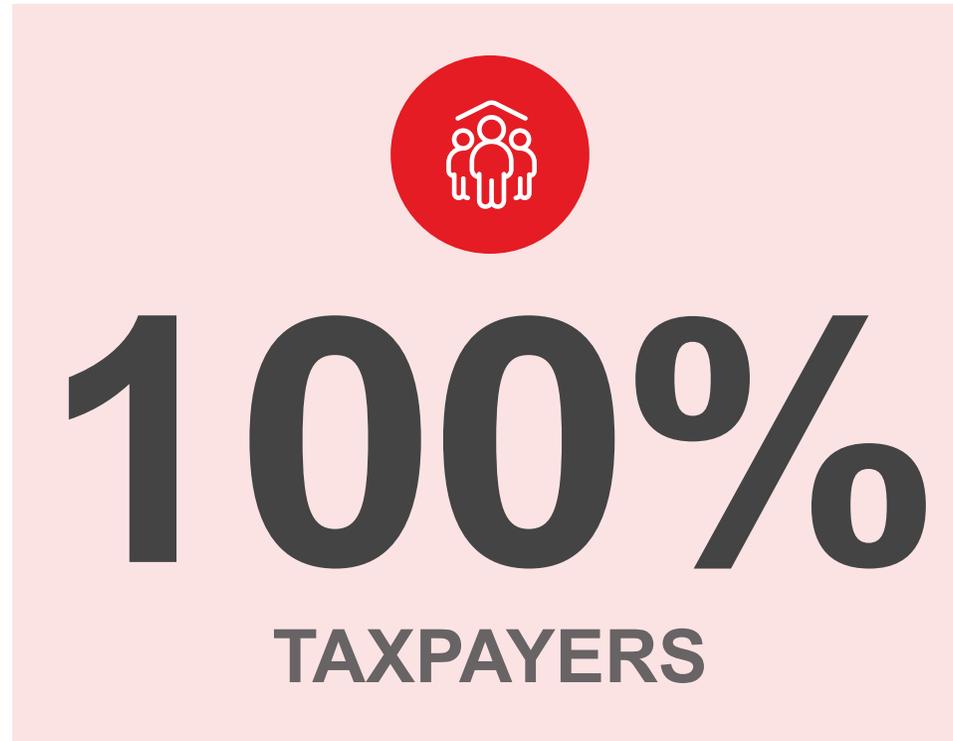
60%
RESIDENTS



40%
NONRESIDENTS

Ankeny is 23% above statewide average in per capita taxable sales

Who pays for the street improvements, parks, trails, recreational facilities, public safety equipment, debt retirement and other CIP projects in Ankeny?



50%

**Property Tax
Relief**

\$9

**Property Tax
Rate**

9.1%

**Reduction of
Property Tax
Rate**

Why Now



**Reliance on
property tax**



Retail investment

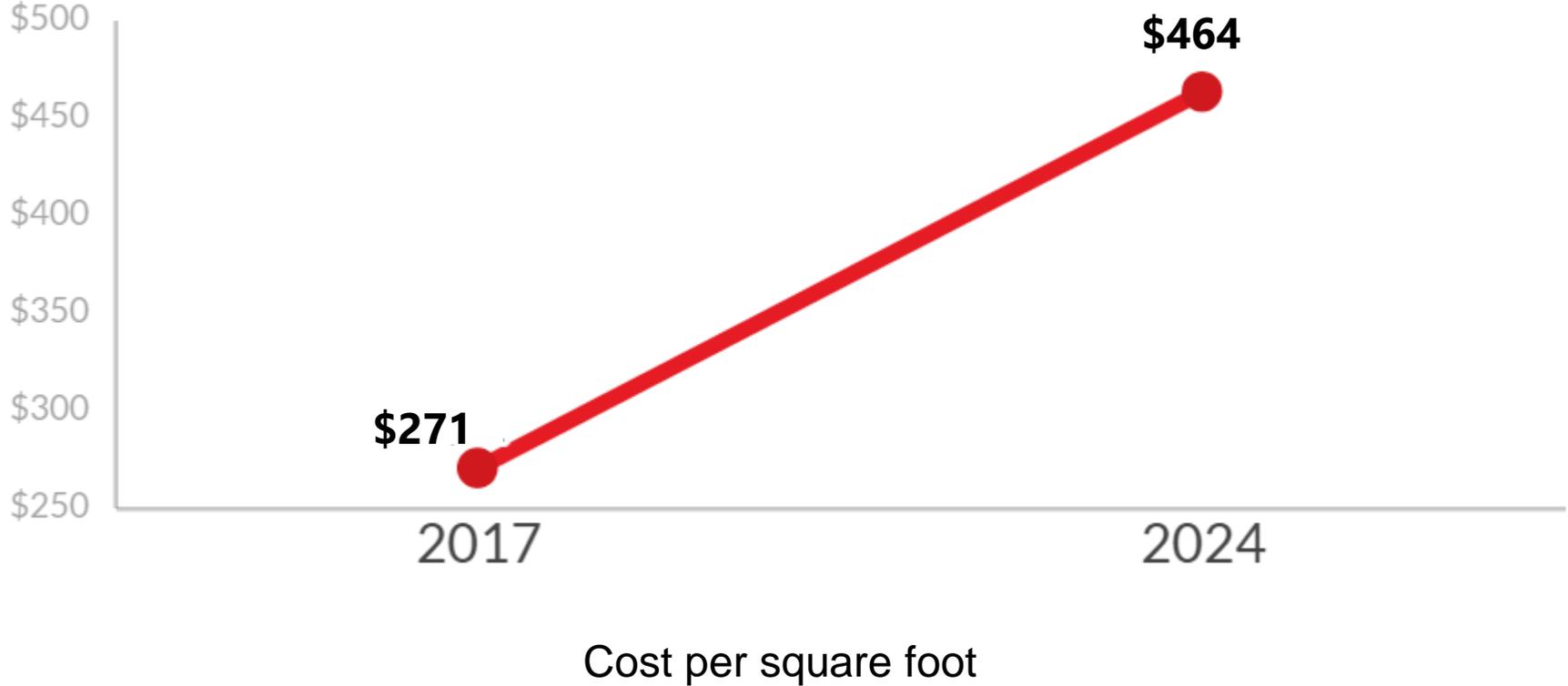


**Future
Growth**



**Cost of doing
business**

Fire Station No. 3 & 4 Construction Cost Comparison



71%
INCREASE

Construction costs increased by 71% in 7 years

Debt Service vs Cash

\$60.19 million in CIP projects

\$60.19 million
in costs

\$60.19 million in projects

Debt service
payments of
\$70.56 million

50% for Capital Improvement Projects



Ballot Language

Fifty percent (50%) for property tax relief; and
Fifty percent (50%) of such revenues for capital projects,
including street improvements, park and trail improvements
and recreational facilities, public infrastructure, public safety
equipment, public facilities; or debt retirement.

Local Option Sales Tax Timeline (Amended)

May 6, 2024

City Council approves ballot language and resolution for a special election

July & August 2024

Public Education campaign for local option sales tax

Sept. 10, 2024

Special Election Day
Ankeny residents decide

Jan. 1, 2025

Local option sales tax goes into effect in Ankeny

Late Feb. 2025

Ankeny receives first payment of local option sales tax revenue