

CITY BALLOT MEASURE 1:

Levy an additional half-cent sales tax for the construction and reconstruction of major arterial roadways to be sunset after 10 years and limited to a pre-determined list of projects.

LIST OF PROPOSED PROJECTS

- a. 43rd Ave/Ash Coulee Dr from Tyler Parkway to 66th St
- b. Centennial Road from I-94 to 43rd Ave
- c. Main Ave from 26th St to 66th St
- d. State Street from Calgary Ave to ND 1804/71st Ave
- e. Washington St from Burleigh Ave to South Bismarck Drainage Ditch
- f. Century Ave from Centennial Rd to 66th St
- g. Tyler Parkway from Valley Dr to 57th Ave
- h. 57th Ave from Washington St to State St

See Figure A on reverse for project locations.

Can't Federal Funds Pay for These Projects?

Approximately \$4.5M in federal funds are allocated annually to the Bismarck-Mandan Metropolitan Planning Organization (MPO) which is then used for projects in Bismarck, Mandan, Lincoln, Burleigh County and Morton County. Whereas in the past, Bismarck alone received approximately \$2 million.

How Do We Pay for Roads Now?

A combination of local and federal funds. Special assessments fund local and collector roads while sales tax revenue matches federally funded arterial roadways.

Can We Fund Roads Another Way?

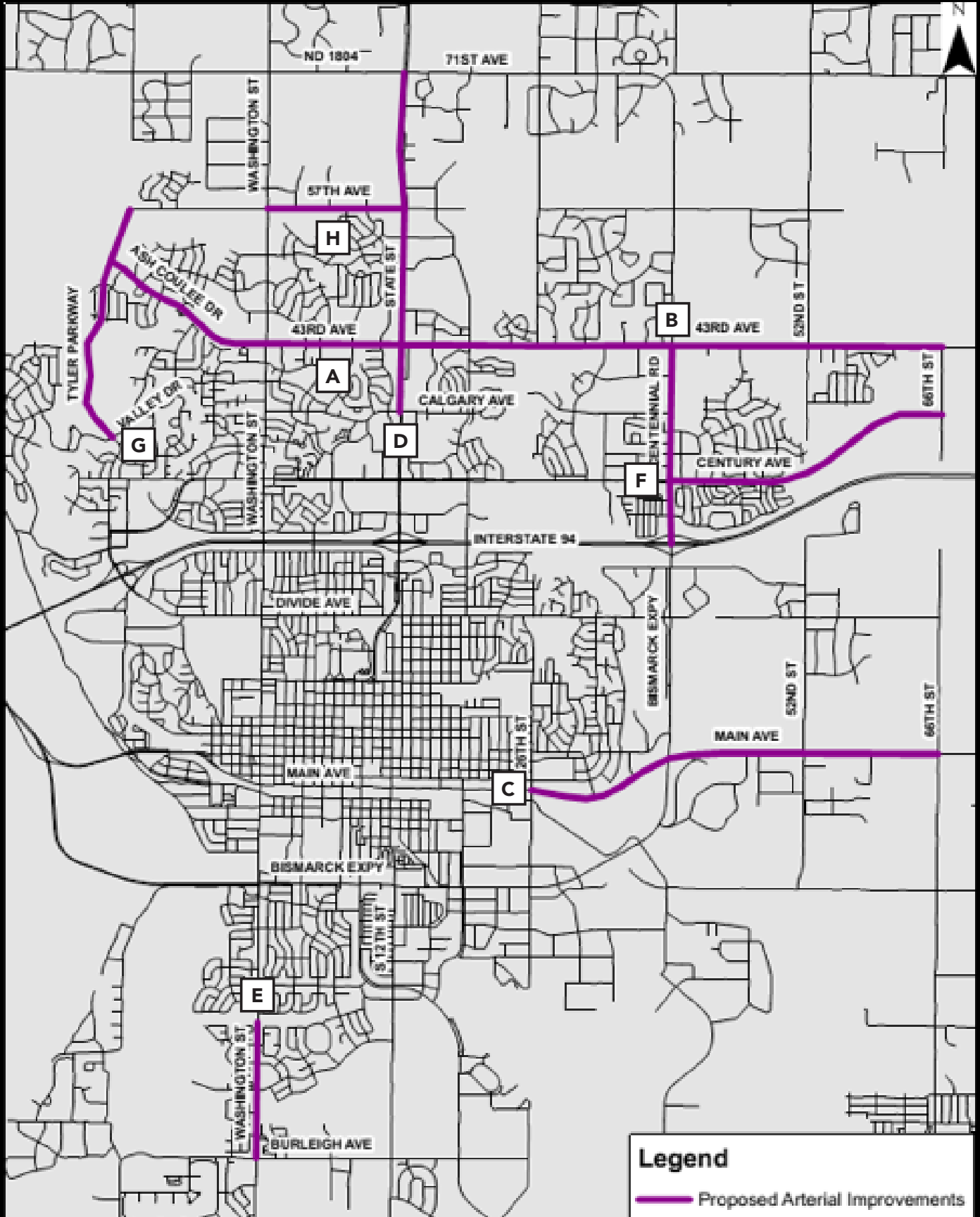
While there are other ways to fund infrastructure, The City's Infrastructure Task Force did identify an additional half-cent sales tax as the most efficient and tolerable method. Other funding methods reviewed by the Infrastructure Task Force included the implementation of a local gas tax, increasing lot fees and raising utility fees.

Below is information on what would be required of those alternative infrastructure funding methods in order to generate \$17 million, or slightly more than a year's worth of sales tax revenue, to fund construction and reconstruction of major arterial roadways.

- **The City's portion of your Property Taxes** would have to be raised about 83% (\$45/month increase on a home assessed at \$250,000 or \$17.85/month on each \$100,000 of assessed value)
- **Increasing Lot Fees** would result in an estimated \$30,000 increase per lot to developers to fund a 1.5 mile urban arterial roadway (i.e. North Washington Street)

Funding methods that are not available for use in infrastructure funding, per the North Dakota Century Code, include: **local gas tax, use of a utility fee and a local vehicle registration fee.**

FIGURE A



CITY BALLOT MEASURE 2:

Caps the existing 25-mill property tax buydown at 2019 levels.

What is a mill?

A mill levy is a property tax that is based on the assessed value of a property. The rate of this tax is expressed in mills and is determined by dividing the funds needed for the city budget by total property valuation.

Without the buydown applied, The City of Bismarck would have a mill rate of 81.9 in 2019. After applying the 25-mill property buydown, which is funding by sales tax revenue, the City of Bismarck will have a mill rate of 56.9. (See Figure A)

What is the Buydown:

Bismarck voters have approved utilizing sales tax revenue to subsidize, or buy down, the equivalent of 25 mills of property taxes. Bismarck voters last approved the use of sales tax revenue to buydown property taxes in 1992.

If the Buydown Continues:

The increasing amount of sales tax revenue dedicated to the property tax buydown leaves less available for voter-mandated snowgates and discretionary uses, primarily special assessment subsidies on street maintenance projects. (See Figure C on reverse.)

Why is a Cap Being Proposed?

The value of 25 mills has grown faster than overall sales tax revenue and now consumes more than 60% of all sales tax revenue generated in Bismarck. Of the \$15,500,000 in sales tax revenue in 2019, \$9,680,464 will be used to buy down 25 mills of property tax. The more sales tax revenue that is used to buydown mills of property tax leaves less sales tax revenue for use on infrastructure and special assessment subsidies.

If the 25 mill buydown is not capped at the 2019 levels, it is projected that 100% of sales tax revenue would be used towards the 25 mill buydown by 2029, eliminating the use of sales tax revenue to fund infrastructure and other uses. (See Figure D on reverse.)

What Will this Cost Me?

Figure B provides an example of the financial impact of the 25-mill property tax buydown to a home with a market value of \$200,000 with an assessed value of \$100,000.

The estimated value difference of the cap in 2020 vs 2019 on a residential property valued at \$200,000 is \$7.25.

Capping the Buydown:

Capping the existing 25-mill property tax buydown at 2019 levels would stabilize the amount of sales tax revenue used to subsidize property tax each year and would in-turn allow the remaining sales tax revenue to be used for road infrastructure, special assessment subsidies and economic development.

FIGURE A

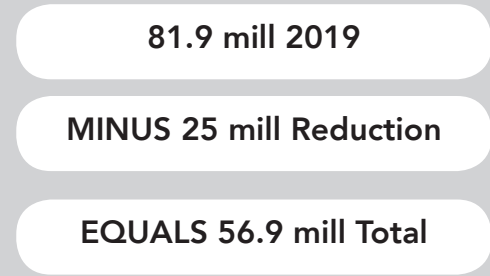
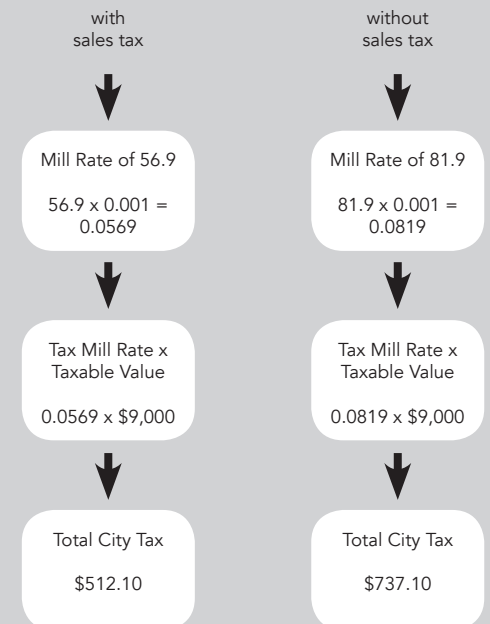


FIGURE B

Example

Market Value of Home: \$200,000
Assessed Value of home (50% of market): \$100,000
Effective Taxable Value of Assessment (9%): \$9,000

Impact of buydown to \$9,000 in taxable value

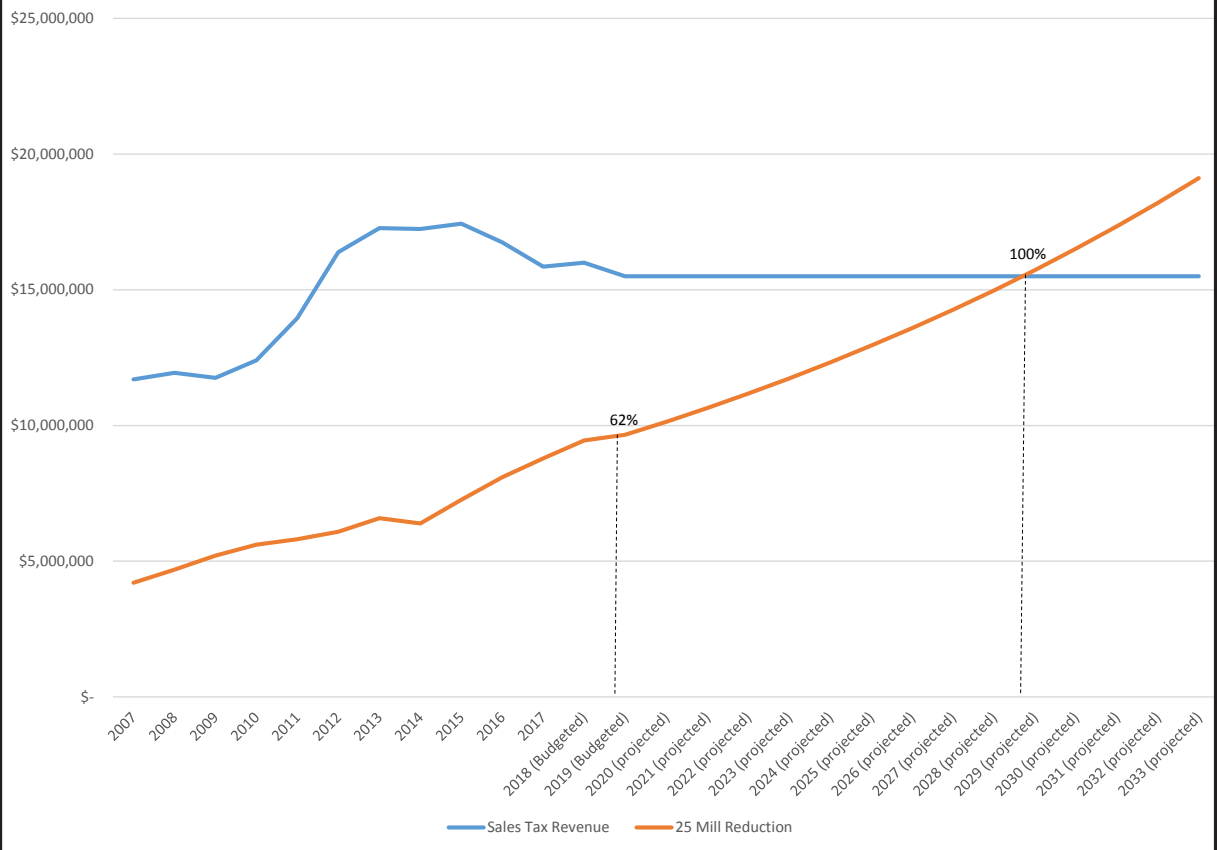


\$200,000 home saved \$225.00 per year in property tax by Sales Tax funded 25 mill buydown.

FIGURE C



FIGURE D



CITY BALLOT MEASURE 3:

Measure 3 removes redundant, expired and completed projects language in Section 17 of the Home Rule Charter, as well as to add language due to changes in state law including the streamlined sales tax and the new remote sale tax.

1. Added gross receipts tax instead of just sales tax to make this consistent with state law as well as more chapters of state law to reference so that changes in the law do not impact the language in the Home Rule Charter again unless the legislature wholesale changes our tax structures.
2. Deleted specific exemptions and instead just referenced what sales that state tax law exempts.
3. Deleted the \$750,000 in tax revenue for Lewis and Clark promotions and multiple specific items that related just to the Sales Tax Revenue Bond Issue of 2002.
4. In the South Dakota v. Wayfair, Inc., the US Supreme Court explicitly allows the state and local taxation of transactions from remote sellers that send goods to city residents. The addition of the remote sales tax in the Home Rule Charter protects local business so that they are on the same level playing field as the Wayfairs, Amazons and other mail delivery companies. While remote sales tax can be inferred into our City Home Rule Charter, this will avoid any confusion or contradiction and make clear that we intend to tax all similar transactions equally whether the purchase occurs with a Main Avenue or a .com address.

Learn more about the Streamlined Sales & Use Tax (of which North Dakota became a member in 2005) at <https://www.nd.gov/tax/user/businesses/formspublications/sales-use-tax/streamlined-sales--use>

You can find the South Dakota v. Wayfair, Inc., et al. Supreme Court decision at https://www.supremecourt.gov/opinions/17pdf/17-494_j4el.pdf