



SENATE BILL 2 POLICY RECOMMENDATION

DS-19-109

December 10, 2019

Senate Bill 2 Changes

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Primary Changes	From	To
Rollback Rate cap	8.0%	3.5%
Election if cap is exceeded	Petition by Citizens	Mandatory, November

Senate Bill 2 Impact – FY 2020

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- ❑ Estimated lost property tax revenue of \$1.1M in FY 2020 IF this law had been in effect
- ❑ Part of the sales tax rate provides property tax relief (0.5% of the current 1.5% local sales tax)
 - ▣ Reduces the rollback rate by ~13¢
 - ▣ Reduces the rollback rate below the current rate

Other Local Sales Tax Options

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Sales Tax Option	Financial Impact (\$ Millions)
General Government Purposes	\$0.0
Crime Control and Prevention District	\$0.0
Fire Control, Prevention, and EMS District	\$0.0
Street Maintenance	-\$3.0
Economic Development	-\$7.6
Municipal Development Corporation	-\$8.0
Municipal Development District	-\$8.0

Alternatives

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- ❑ Do nothing
- ❑ Change 0.5% of the sales tax rate to General Government Purposes
- ❑ Change 0.5% of the sales tax rate to Crime Control and Prevention District and/or Fire Control, Prevention, and EMS District

Steps for General Government Purposes

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- ❑ City Council Motion of Direction
- ❑ Call and hold an election

Steps for Crime and/or Fire Districts

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- ❑ City Council Motion of Direction
- ❑ Pass resolution proposing to create the districts
- ❑ Create a temporary board for the districts
- ❑ Temporary board approves two-year operational and budget plan
- ❑ Call and hold an election
- ❑ Temporary board dissolved, and permanent board appointed (can be City Council)
- ❑ Referendum to continue the districts required; no earlier than the fourth, and prior to the fifth anniversary of creation
 - ▣ Districts may be continued for 5, 10, 15, or 20 years

Recommendation

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- ❑ Call election for a combined proposition to change 0.5% of the sales tax rate from Property Tax Relief to General Government Purposes
 - ▣ No change to current sales tax rate
 - ▣ No change to current property tax rate
 - ▣ No new revenue