

FREQUENTLY ASKED QUESTIONS ABOUT THE ½ CENT LOCAL SALES TAX PROPOSITION

1. What is a local one-half percent sales tax?

The one-half percent local sales tax is a state authorized tax, approved by the voters of Ogallala, for funding certain well-defined community projects. In Ogallala, the sales tax on taxable items would increase from 7.0% to 7.5%; with the local one-half percent being **used to fund the improvement, maintenance, and replacement of municipal Street, Sewer, Water, Storm Water and infrastructure projects.**

2. Will the local sales tax proposal be on the May 10, 2016, primary election ballot?

Yes, Ogallala's local tax proposal will be on the May 10, 2016 primary election ballot. The proposition will be on the ballot and will read as follows:

"Shall the governing body of the City of Ogallala, Nebraska, fund construction, improvement, maintenance, and replacement of municipal Street, Sewer, Water, Storm Water and infrastructure projects by imposing a sales and use tax in the amount of one-half percent (0.5%) in addition to the one-and-one-half percent (1.5%) currently in effect, upon the same transactions within the City of Ogallala on which the State of Nebraska is authorized to impose a tax, subject to the following terms and conditions:

1) Use of Additional Tax. The proceeds from the additional City sales and use tax referred to in this Proposition shall be used solely for construction, improvement, maintenance, and replacement of municipal Street, Sewer, Water, and Storm Water infrastructure projects within the City, with one hundred percent (100%) of the revenue collected to be used for the purposes of the Interlocal Agreement for public infrastructure improvements between the City and the Community Redevelopment Authority ("CRA"), which will benefit from infrastructure improvements.

2) Termination of Tax. The additional City sales and use tax of one-half percent (0.5%) referred to in this Proposition shall be in effect from January 1, 2017 through December 31, 2026. The sales and use tax of one-half percent (0.5%) referred to in this Proposition shall automatically terminate December 31, 2026.

Yes (for the Proposition)

No (against the Proposition)

If a majority of the votes cast upon such question shall be in favor of such tax, then the governing body of the City of Ogallala shall be empowered as provided by Neb. Rev. Stat. § 77-27,142, and shall forthwith proceed to impose such additional sales and use tax. If a majority of those voting on the question shall be opposed to such tax, then the governing body of the City of Ogallala shall not impose such a tax."

3. What are the advantages of funding projects through a local sales tax vs. property taxes?

Everyone in the community, including visitors to the community helps to pay for the projects, not just Ogallala Residents. Visitors and non-residents who shop in Ogallala will also help pay for our infrastructure projects. Many visitors and non-residents use and benefit from our streets and water/sewer system, so this is one way for them to help pay for the improvements.

In others words: Ogallala residents will share more of the cost with visitors and non-residents resulting in a reduced tax burden on Ogallala residents.

Ogallala is in a unique position in the state of the Nebraska, more so than many other community in the State. Lake Mac is the second largest tourist attraction in the State, attracting over 1 million visitors a year to our community. In addition, over 10,000 cars a day travel through Ogallala on interstate 80. This results in a tremendous amount of outside dollars being injected into our local economy.

4. Once these projects are paid for, will the local sales tax continue?

The tax shall terminate 10 years after the date of the initial imposition of the tax. Ogallala voters would have to approve the tax again at that point.

5. If the local sales tax proposition passes, when will the projects start?

Projects could begin in 2018.

6. What items purchased are subject to the local sales tax?

All goods or services that are otherwise exempt from taxation are exempt from a political subdivision's tax. In other words, if you don't pay any sales tax now on something, you won't pay the local sales tax either.

7. Can you give me an idea of the local sales tax impact on various purchases?

The Nebraska state sales and use tax rate is 5.5% and the City of Ogallala collects 1.5% for a total sales tax of 7%. With the proposed increase the State would collect 5.5% and Ogallala would collect 2% for a total sales tax of 7.5%

Currently the Sales Tax rate in Ogallala is 7%. A \$100 purchase with sales tax included would total \$107

The proposed increase of ½% would raise the total sales tax rate to 7.5%. A \$100 purchase with the new sales tax rate included would now total \$107.50 (An increase of 50 cents)

A \$5,000 purchase with the current tax of 7.0% would total \$5,350. With the new tax a \$5,000 purchase would total \$5,375 (An increase of \$25)

8. What portion of the sales tax is estimated to come from visitors and non-residents to Ogallala?

Based on retail pull factors, it is estimated that 46% of the local sales tax collected in Ogallala would be from visitors and non-residents.

9. If the sales tax proposition fails, how will the projects be funded?

City Council would have to review and prioritize the projects and most likely issue bonds which would be repaid by city tax payers. In addition, if the proposition fails the question could not be brought back to the voters for another 23 months.

10. Will the local sales tax have an impact on economic development?

The economic vitality of Ogallala depends in large part on the ability of the business community to attract and retain qualified employees. The infrastructure projects to be completed with the local sales tax revenue are a clear statement that we take our quality of life in Ogallala very seriously.

11. Do other cities in Nebraska have the additional ½ cent local sales tax?

Yes, the following cities currently have a local sales tax of 7.5%:

Alma, David City, Fairbury, LaVista, Minden, Nebraska City, Norfolk, Sidney, and York