

From: Doug Hewett
Sent: Tuesday, October 09, 2018 8:06 PM
To: City Council Members
Cc: Karen McDonald; Pamela Megill; Tracey Broyles; Kevin V. Arata; Jay Toland; Kristoff Bauer; Telly Whitfield; Jay Reinstein
Subject: City Sales Tax Committee Proposal

City Council.

The Council Sales Tax Committee (Mayor Colvin, MPT Mohn, CM Culliton and CM Waddell) met this evening to develop a base proposal for the City Council to consider sending to the County Commissioners regarding the Sales Tax Agreement that expires June 30, 2019. CM Crisp attended along with John Henderson, Fayetteville Observer, and Jeff Thompson, Up & Coming Weekly. Tracey Broyles, Kevin Arata, Pam Megill, Jay Toland and I also attended.

Following discussion on the history of the agreement that dates back to October 2003 and the financial impact on the City, County and Towns, the consensus of the Committee was to recommend the proposal below to the full City Council. To quickly gain agreement on these points from the full City Council, the Committee will ask the Council to add this item to your Special Meeting tomorrow night at 5 PM as the first item of business.

Committee's Proposal

1. Renew the Sales Tax Agreement with the County and Towns for 10 years.
2. The level of the reimbursements from the City to the County annually would be the amount paid to the County in 2018 – approximately \$7.3M – for the 10 years of the agreement.
3. The level of the reimbursements from the City to the Towns annually would start in Year 1 at the amount paid to the Towns in 2018 and would gradually reduce, as shown in the table, and would cease in Year 6 of the agreement.

Year	County	Towns
1	Same Dollar Value – 2018	Same Dollar Value – 2018
2	Same Dollar Value – 2018	75% of Dollar Value – 2018
3	Same Dollar Value – 2018	50% of Dollar Value – 2018
4	Same Dollar Value – 2018	25% of Dollar Value – 2018
5	Same Dollar Value – 2018	12.5% of Dollar Value – 2018
6	Same Dollar Value – 2018	Removed from agreement
7		
8		
9		
10		

The Committee felt that this proposal accomplished the goals of certainty for budgetary purposes, created a longer term agreement, and also allowed the City to keep more of the growth of sales tax revenues directly attributable to the expansion and enhancements being made by the City of Fayetteville.

Please let me know if you have any questions.

Thanks, Doug



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