



Agenda Item: Resolution

Title: Resolution 2022-24, Renewal of the General-Purpose Optional One Percent (1%) County Sales Tax (5th Penny) in Albany County

Postponed on April 5, 2022, with the main motion:

MOTION BY SCHMECHEL, seconded by Gabriel, to approve Resolution 2022-24(a), renewal of the general-purpose optional one percent (1%) county sales tax (5th Penny) in Albany County, and authorize the Mayor and City Clerk to sign.

Recommended Council MOTION:

a) I move to approve Resolution 2022-24(a), renewal of the general-purpose optional one percent (1%) county sales tax (5th Penny) in Albany County and authorize the Mayor and City Clerk to sign.

Or

b) I move to approve Resolution 2022-24(b), renewal of the general-purpose optional one percent (1%) county sales tax (5th Penny) on the general election ballot to be held in Albany County, Wyoming, on Tuesday, November 8, 2022, and authorize the Mayor and City Clerk to sign.

Administrative and/or Policy Goal:

E. Intergovernmental Collaboration

Milestone #3: Support Renewal Effort for 5th Cent General Purpose Tax in 2022.

Background:

City Council met with Albany County Board of Commissioners and Rock River City Council to decide how they would like to approach the 5th Penny for the future.

The General-Purpose Excise Tax, often referred to as the “5th Penny” sales tax, is a local option tax used to provide municipal services to Laramie residents since it was first approved by the voters in 1986. The 5th Penny tax supports 20-25% of basic governmental operations like:

- street, alley, and bridge repair;
- firefighting, policing, and emergency medical services;
- park, cemetery, and trail/greenbelts;
- fire truck, “jaws-of-life” extrication equipment, police vehicles, and ambulances;
- storm drain and ditch maintenance;
- access for disabled persons;
- animal control and animal sheltering.

The City has been very successful in pledging 5th Penny monies as matching funds to secure outside grants that stretch our fiscal resources as far as possible. In addition, through the City’s “pay-it-forward” Community Partner Program, millions of dollars of financial support have been allocated to local agencies and partnerships that provide resident support services such as Interfaith-Good Samaritan, the Soup Kitchen, Downtown Clinic, Main Street Alliance, Laramie Youth Crisis Center, and the Laramie Chamber Business Alliance, to name a few.

Local Option Tax Type	Common Name	Amount of Tax	Last Approved by the Voters	Tax Expires	Renewal Election to be Held
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General Purpose Excise	5th Cent	1 ¢	2018	12/31/2022	November 2022
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Since 2014, 5th Penny sales tax monies have become increasingly necessary to pay for basic and essential municipal services due to the significant decline in appropriations from the State of Wyoming. Since 2014, the State Legislature has voted repeatedly to reduce direct distribution funding to Laramie by approximately \$1.6 million per year and to eliminate the capital consensus program which provided an average of \$500,000 per year for public safety services and street and storm water improvements. The 2020 census had low population counts for the City of Laramie which directly effects the amount of direct distribution in FY 2023. The legislature this year added extra monies for hardship communities for FY23 & FY24, but the city will still receive less funding than from the prior year. After several years of slower gains, the city is experiencing higher online sales tax collections. In 2021, there was a one-time large increase in sales tax due to an energy project. This gain allowed for additional one-time fund balance of approximately \$2.0 to \$2.5 million (4th, 5th, 6th pennies) to offset inflationary and project costs attributable to COVID-19 project and employment shortages. If you compare data through 2020 the normal gain in local and share tax revenues is 4.91 percent, regrettably regional inflation due to COVID 19 impact has more than offset this small growth.

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	% Change FY16 to FY21	% Change FY16 to FY20
LOCAL TAXES								
*County Sales & Use Tax, 5 th Cent	\$4.540	\$4.566	\$4.823	\$4.952	\$5207	\$6,562	44.54%	14.69%
*County Sales & Use Tax, 6 th Cent	\$3.530	\$3.549	\$3.750	\$3.789	\$3.935	\$4,955	40.37%	11.47%
Municipal Franchise Fees	\$1,699	\$1.714	\$1.738	\$1.741	\$1.746	\$1.738	.02%	.02%
Municipal Property Tax (8 Mill)	<u>\$1,828</u>	<u>\$1,875</u>	<u>\$1,906</u>	<u>\$1,987</u>	<u>\$2,101</u>	<u>\$2,213</u>	<u>21.06%</u>	<u>14.93%</u>
Total All Local Option Taxes	\$11,597	\$11,704	\$12,217	\$12,469	\$12,989	\$15,468	33.38%	12.0%
<i>*Note: 2021 had one-time sales Tax making collections historical high (Review estimate through 2020)</i>								
STATE-SHARED TAXES								
Suppl. Funding/Direct Distribution	\$5.261	\$4.777	\$4,269	\$3.997	\$4.103	\$4.153	-21.06%	-22.01%
*State Sales & Use Tax, 1st-4th Cents	\$5,299	\$5.359	\$5.623	\$5.738	\$6.056	\$7.750	46.25%	14.29%
Gasoline Tax *	\$0.764	\$0.802	\$0.761	\$0.752	\$0.774	\$0.725	-5.0%	2.0%
Special Fuels Tax *	\$0.294	\$0.309	\$0.304	\$0.319	\$0.336	\$0.306	4.08%	14.29%
Cigarette Tax	\$0.101	\$0.095	\$0.088	\$0.088	\$0.085	\$0.087	-13.86%	-15.84%
Auto Tax	\$0.478	\$0.483	\$0.519	\$0.546	\$0.575	\$0.601	25.73%	20.29%
Mineral Royalty Tax	\$0.714	\$0.721	\$0.724	\$0.744	\$0.756	\$0.762	6.72%	5.88%
Severance Tax	\$1.145	\$1.144	\$1.144	\$1.143	\$1.143	\$1.139	-0.05%	-0.05%
Pari-Mutual/Wyoming Lottery	<u>\$0.093</u>	<u>\$0.138</u>	<u>\$0.286</u>	<u>\$0.288</u>	<u>\$0.192</u>	<u>\$0.230</u>	<u>147.31%</u>	<u>106.45%</u>
Total All State-Shared Taxes	\$14,149	\$13,828	\$13,718	\$13,615	\$14,020	\$15,753	11.34%	0.91%

**Not useable for municipal service; Legislative mandate restricts use of funds for street and alley programs.*

Net Change FY14-19: All State-Shared + Local Taxes	+21.27%	+4.91%
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Should the 5th penny local option tax not be renewed at the General Election, Council will need to immediately amend the FY2022-23 Budget by *-\$5.0 million* annually which will require service reductions and service eliminations in all areas including essential services and programs, capital construction, community partner funding, and infrastructure maintenance.

Legal/Statutory Authority: The City is a qualifying applicant and recipient of these funds. W.S. §39-15-204

Responsible Staff:

City Manager Jordan, ext.5226,

Chief Operating Officer, Brown, ext.5223

Attachments:

Resolution 2022-24(a)

Resolution 2022-24(b)