

Sales Tax Levy for Public Safety and Criminal Justice Purposes:



The proposed new public safety sales tax increase is 0.1%, which is a one cent increase on every \$10.00 spent. The sales tax is beneficial and helps on a few fronts; although this will increase our taxes, the "heavy lifting" will be from our guests and visitors.

- ◆ First, there is **NO** increase to resident's or business property taxes; this levy places the tax on sales of goods only.
- ◆ The increase in sales tax will be primarily paid for by the visitors to our community, a one cent increase in tax for every ten dollars spent. The sales tax revenue generated, which the City receives, comes primarily from the commerce generated through the hotels, gift shops, and restaurants frequented by visitors to our City.
- ◆ With this minimal increase in sales tax, funding which is currently used to support other City services – parks, streets, etc. – which have not seen the increased costs like public safety; these services can continue to be funded at the current level.

An alternative funding source is necessary if the City is to continue to provide for public safety at the level expected by the community. The cost to the City to provide public safety for residents and businesses has increased by 45% since 2008 (30% law enforcement & 15% fire control); this is equivalent to a \$230,000 increase; while property taxes, which is one of the two major General Government revenue streams that can support these costs, have increased by only 12.6% for a total of \$63,922. To address this shortfall, other City service areas have been curtailed or limited.

The second major General Government revenue stream is Retail Sales Taxes. Although this revenue stream has increased in 2013 compared to recent prior years, Retail Sales Tax revenues are actually below the 2007 revenue mark; which means this revenue stream has been relatively flat or slightly reduced since 2007.

The City estimates that the revenue generated by this sales tax increase would be \$110,000 annually. The RCW (state regulations) stipulates that 85% of these funds would go directly to the City and must be spent on Public Safety expenditures; the remaining 15% would go directly to Chelan County.

- ◆ The City will use the revenue stream to offset the increased cost of the public safety contract with the Chelan County Sheriff's Office. The new 2014 – 2017 contract, at the request of the City Council, does include one officer dedicated to patrolling and addressing public safety issues within the City. The City opted for this service enhancement in the new public safety contract to improve the community policing for residents and businesses.
- ◆ Although not a decision that can be made by the Leavenworth City Council, the City Council does support the use of the funding generated by the sales tax increase provided to Chelan County to help offset the costs of the School Resource Officer recently approved by the Cascade School District and the Chelan County Sheriff's Office which also would improve the community policing effort initiated by the Leavenworth City Council.

