

BOARD OF ALDERMEN

ITEM NO. D(1)

AGENDA ITEM ABSTRACT

MEETING DATE: February 1, 2005

TITLE: Discussion of Alternative Revenue Options with Presentation by Dr. Lee Mandell, North Carolina League of Municipalities

DEPARTMENT: Management Services	PUBLIC HEARING: No
ATTACHMENT: A. Resolution B. Menu of Revenue Options Considered by Other Jurisdictions	FOR INFORMATION CONTACT: J. Patrick Childs, Purchasing and Budget Administrator, 918-7301

PURPOSE

In the 2004-2005 Work Plan, one of the Board of Aldermen Strategic Priorities is to “Diversify Revenue Stream to Maintain Ethnic and Economic Diversity.” An annual goal under this priority is to “Seek new or alternative revenue sources.” The purpose of this agenda item is to discuss these new or alternative revenue options. Attached is a matrix of revenue options that describes each potential revenue source with a brief evaluation of its typical use, characteristics, and, where applicable, estimated revenues. Dr. Lee Mandell, with the League of Municipalities, will present at this meeting his ideas and opinions regarding the various revenue sources, their criteria for success in the General Assembly, what is currently going on at the legislature, and what is expected to transpire in the upcoming legislative session in regards to local revenues.

INFORMATION

Over the years, a number of new revenue sources have been considered across the state, including fees, personal income taxes, and various sales taxes. Criteria in choosing among these various options include several key objectives: relieving dependence upon property taxes; distributing cost of capital infrastructure according to benefits received from those services; and achieving a more equitable distribution of the tax burden where the burden is proportional to ability to pay. Other considerations should include administrative feasibility in administering the tax and broad community support for the revenue streams.

In consideration of these goals, staff developed a matrix of revenues that offer a point of discussion for the Board to consider in selecting revenues for purposes such as financing the CIP, lessening the reliance on the property tax base, and otherwise diversifying the revenue stream. Dr. Mandell will include his remarks on this as part of his presentation. Some of the revenues that show relatively high dollar leverage are the land transfer tax, capital impact tax, one-half cent sales tax, prepared food and beverage tax, and the hotel/motel occupancy tax. All of these revenues would require special legislative approval.

STAFF RECOMMENDATION:

Staff recommends that the Board discuss and identify the revenue options, if any, for the Town to pursue to fund the Capital Improvements Plan and diversify the revenue stream. Pleas be advised that time is

of the essence as both the House and Senate of the General Assembly convene on January 26, 2005 and will soon be establishing deadlines for introducing local bills.