

CITY OF CENTERTON
2024 SALES TAX INFORMATION

Summary of Existing Tax and Bonds:

At a special election held September 12, 2017, a majority of voters for the City of Centerton approved a 1.0% sales and use tax (the “**Existing 2017 Tax**”), which replaced the existing 1.0% sales and use tax that was previously approved by voters at a special election on December 13, 2005 (the “**2005 Tax**”).

Voters also approved the pledge of the Existing 2017 Tax to up to **\$32,965,000** of bonds issued or to be issued by the City for the following purposes (the “**Existing Bonds**”):

- Up to **\$6,000,000** to refund (i.e. refinance) the City’s outstanding Sales and Use Tax Bonds, Series 2015. These authorized bonds were issued as needed, and the Series 2015 were refunded (i.e. paid off).
- Up to **\$4,760,000** for City administrative facilities, including a new City Hall. These authorized bonds were all issued, and the City facilities have been completed.
- Up to **\$15,855,000** for streets, road and bridges. Of this amount, **\$2,685,000** in authorized bonds have been previously issued and used for street improvements. Up to **\$13,170,000** can still be issued by the City to complete additional street improvements.
- Up to **\$4,230,000** for park and recreational facilities, including ball fields. Of this amount, **\$1,611,300** in authorized bonds have been previously issued and used for parks and rec improvements, and up to **\$2,618,700** can still be issued by the City to complete additional parks and rec improvements.
- Up to **\$1,060,000** for fire department facilities, equipment and apparatus. These authorized bonds were all issued and the facilities and equipment purchased or completed.
- Up to **\$1,060,000** for police facilities and vehicles. These authorized bonds have **not yet** been issued, and the Police Department has requested some additional funds for additional items the department needs.

Summary of Proposed Tax and Bonds:

The City Council now proposes to adopt a new 1.0% sales and use tax to replace the existing 1.0% sales and use tax (the “**2024 Replacement Tax**”), which will be voted on by the voters for the City at the March 5, 2024 election. **If approved, there will be only one 1.0% sales and use tax**, which will be the 2024 Replacement Tax, and the Existing 2017 Tax will be repealed when the 2024 Replacement Tax goes into effect. The 2024 Replacement Tax will replace, entirely, the Existing 2017 Tax. There will not be two separate taxes. **The total sales tax rate paid by consumers on transactions will remain the same.**

The City Council also proposes to pledge the 2024 Replacement Tax to up to **\$46,848,300** of bonds to be issued, if approved by the electors for the following purposes (the “**New Bonds**”), each item of which will be separately approved by voters:

- Up to **\$3,500,000** to refund (i.e. refinance) the portion of the Existing Bonds that are issued and outstanding. The Existing Bonds must be refunded (i.e. refinanced) in order to issue any new bonds to be secured by the 2024 Replacement Tax.
- Up to **\$26,000,000** for a new multiple-use Community Center (a/k/a Recreation Center), to be located off of Keller Road, which may include indoor swimming pool, bathhouse, therapy pool, athletic courts, walking track, and other amenities, together with street, parking and drainage improvements, utilities, sidewalks, bicycle paths, and utility relocations, etc.
- Up to **\$13,169,600** for streets, roads, and bridges. This will allow the City to continue to have access to the same amount of funds that were previously approved for this purpose.
- Up to **\$2,618,700** for parks and recreational facilities. This will allow the City to continue to have access to the same amount of funds that were previously approved for this purpose.
- Up to **\$1,560,000** for police facilities, vehicles, and apparatus. This will allow the City to continue to have access to the same amount of funds that were previously approved for this purpose (i.e. \$1,060,000), plus an additional \$500,000 requested by the Police Department for their qualified needs.

How The 2024 Replacement Tax Will be Used:

If passed by the voters, the 2024 Replacement Tax will be used to pay principal and interest on the New Bonds. New Bonds will be issued only for each of the purposes above that are approved by voters. Those purposes include, generally, to retire the Existing Bonds, to finance the costs of the new Community Center, and to pay for streets, roads, parks and recreational improvements, and to support needs of the Police Department.

The City’s Sales Tax Collections History:

The City has been fortunate to have had increasing sales tax revenues year-over-year. The City has been able to retire its debt on the Existing Bonds faster than scheduled. It is anticipated that the City will likely continue to have increasing sales tax revenues year-over-year, but no guarantees can be given. Revenues from the 2024 Replacement Tax will be used to pay principal and interest on the New Bonds, and if sales and use tax revenues continue to increase as the City’s population increases, then the New Bonds will also be able to be retired (i.e. paid off) sooner than their scheduled maturity. The entirety of the 2024 Replacement Tax will be used to pay the City’s debt on the New Bonds. Once the New Bonds are retired, the 2024 Replacement Tax will cease.

What happens if the 2024 Replacement Tax and/or the New Bonds are not approved?

If one or more of the Community Center Facility Bonds, Street Improvements Bonds, Parks and Recreation Improvement Bonds, or Police Facilities Bonds are approved, then the 2024 Replacement Tax will be levied and go into effect and will replace the Existing 2017 Sales Tax. If none of the Community Center Facility Bonds, Street Improvements Bonds, Parks and Recreation Improvement Bonds, or Police Facilities Bonds are approved, then the Existing 2017 Tax will remain in place along with the City’s currently existing authority for the Existing Bonds. If only part of the project purposes are approved, then the New Bonds will only be issued for payment of the approved projects, so long as the refunding (i.e. refinance) of the Existing Bonds is also approved. The Existing Bonds must be refunded (i.e. refinanced) for any New Bonds to be issued.