

## **TOWN OF LITTLE ITALY MAJOR REVENUE SOURCES**

### **OVERALL**

Little Italy will have a multi-faceted revenue stream. The Town's General Fund revenues will be primarily comprised of a percentage of Pulaski County State Sales/Use Tax distribution, State Tax Turnback (Municipal Aid), utility franchise fees, fines and fees. The City's General Fund is heavily dependent on the distribution of Pulaski County's Sales/Use Tax.

Following is a list of the major revenue sources proposed for a new town of Little Italy:

### **COUNTY SALES & USE TAX**

The Town will receive a pro-rata share of a one (1) cent countywide sales tax. Distribution is based on the Little Italy population as a percentage of Pulaski County's total population.

According to the Municipal League, a census will need to be completed in order to have a certified count of the population within the new town's boundary in order to start receiving revenue from County Sales & Use Tax. The U.S. Census Bureau's Geographically Updated Population Certification Program (GUPCP) can be used to certify the 2010 census using the Little Italy 2015 boundary. This process should only take about 2-3 months. Once a census certified by the Bureau is completed, Little Italy will receive a percentage of the County one percent tax sales and use tax. The estimated amount in the Little Italy budget of \$18.91 is derived from the Arkansas Treasurer document "County Sales and Use Tax Funds Distribution for April 2015" provided by the State Treasurer (see Exhibit P).

Use taxes, paid mostly by businesses, resemble sales taxes. They apply to goods purchased from out-of-state merchants such as catalog vendors. On January 1, 2008, changes to Arkansas's state and local sales tax laws were implemented for purposes of compliance with the Streamlined Sales Tax Agreement. Including Arkansas, the sales tax laws of twenty-four (24) states have been amended to conform to the agreement.

### **STATE TAX TURNBACK**

The State General Assembly, through the Office of Budget, appropriates and then distributes an amount for turnback to municipalities based on population. The amount varies from year to year and is funded from general and special revenues made available by the Revenue Stabilization Law. The turnback funds are not based on the state economy. For 2012 and 2013, the Arkansas State Legislature appropriated \$4,000,000 to be disbursed to county and local governments from the surplus of the Property Tax Relief Fund.

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Little Italy 2015 boundary. This process should only take about 2-3 months. Once a census certified by the Bureau is completed, Little Italy may start receiving revenue from State Tax Turnback (Municipal Aid). Little Italy will receive about \$16.40/person for the town's General Fund and about \$66/person for the town's Street Fund (See "Street Gas Tax Turnback") according to the 2014 numbers in *City & Town Magazine*, June 15 Vol 71, No. 6 (see Exhibit X).

### **COUNTY ROAD TAX**

The new town of Little Italy will receive approximately one-half of the collections from a 2.90 mill road tax levied by the County and restricted to use for street repair and maintenance. The Pulaski County Assessor's Office projected taxable value for the parcels for 2015 is \$5,577,352 (see Exhibit Q).

### **STREET GAS TAX TURNBACK**

The Town receives state turnback funds directed to the Street Department. The gas tax turnback is allocated based on the latest census and gallons of fuel consumed. Basically, 15% of all the tax on gasoline consumption goes to municipal aid or gas turnback. Street Gas Turnback also includes severance taxes from natural gas. Little Italy would receive about \$66 per capita and is restricted to use for street repair and maintenance.

### **UTILITY FRANCHISES**

Utility franchise fees are charged to public utilities for the privilege of using the Town's streets and rights-of-way. The public utilities which may need to pay a franchise fee will be negotiated in a future franchise agreement when the town elects its officials.

### **FINES**

Specifically, fines will be comprised of traffic fines, littering, etc.

### **GRANT PROGRAMS**

As a new town, Little Italy would be suddenly eligible for grants (see Exhibit AB) that are offered to municipalities such as:

- State Aid for City Streets Program (up to \$250,000) [www.citystreet.ar.gov](http://www.citystreet.ar.gov)
- USDA's Rural Development Community Facilities Direct Loan & Grant Program

### **SHORT-TERM FINANCINGS PERMITTED BY AMENDMENT 78 TO THE ARKANSAS CONSTITUTION**

On November 7, 2000, the voters of Arkansas approved a short-term financing vehicle of ultimate flexibility and unprecedented in the history of the State. Little Italy as a town would be able to take advantage of this opportunity to help fund improvements. Capital Improvement General Fund Notes are issued and an ordinance, publication of the ordinance, and expiration of the referendum are all of the legal steps required. (See Exhibit B)

**URBAN SERVICE DISTRICT FOR STREETS ARKANSAS CODE ANN. §§ 14-95-101 THROUGH 14-95-610**

Little Italy as a municipality could create an urban service district financed through revenues secured from within the designated service area through a voter-approved levy and collection of uniform service charges. The monies could be used for various improvements such as public safety and emergency services, street lighting, weed lot and alley maintenance services, parks and recreation services, community facilities, and street improvement projects. (See Exhibit B)