

QUESTIONS/ANSWERS ABOUT THE LOCAL SALES TAX EXTENSION

1. What is a local sales tax?

A local sales tax is a state authorized tax, approved by residents of a city, for funding certain well-defined projects. In the year 2000 New Ulm voters approved by a margin of 69%-31% a local sales tax of one-half percent to fund \$9 million for the construction of the Civic Center, the Community/Senior Citizens Center, and remodel Vogel Ice Arena into a field house.

2. Why is New Ulm voting again for a local sales tax?

Payment for the 2000 projects is getting close to being complete which gives the community an opportunity to extend the sales tax for new projects. By voting for the sales tax extension what we've been paying in local sales tax for the past 16 years (one-half percent) will remain the same and now we can fund new projects.

3. Will the local sales tax extension be on the November 8, 2016 general election ballot?

Yes, the local sales tax extension will be on the November 8, 2016 general election ballot as the City Question, requesting voter approval to continue the local sales tax at one-half percent and an excise tax of \$20 per retail motor vehicle sale. The City Question will also include language requesting approval to issue general obligation bonds in the amount of up to \$14.8 million to pay for the construction and remodeling of community projects. If approved, the local sales tax will be used to pay off these general obligation bonds.

4. What new projects will be funded by the local sales tax?

- A. Update the current indoor pool and add a new family indoor waterpark: the 37 year old indoor swimming pool has limited functionality and does not meet current swim code standards. The improvements will allow for more learn to swim classes, health related water therapies, and compliant competitive swim meets. A zero entry feature will better accommodate the young, seniors and those with mobility impairments. The indoor waterpark will be a unique facility in Southern Minnesota and will serve the year round recreational needs of over 100,000 people from the region.
- B. Indoor Playground: currently no indoor playground exists in New Ulm or the region. This proposed community asset will be located in the Recreation Center (Vogel) and could accommodate supervised child care for the community and region.
- C. Wellness Center: the fitness areas at the Recreation Center (Vogel) are very popular and in need of expansion and updating.
- D. Gymnastics Facility: New Ulm is home to three separate gymnastics programs with a total of over 500 participants and all have inadequate/inefficient facilities. By constructing a new gymnastics space at the Recreation Center (Vogel), the Turner Hall, New Ulm Area Gymnastics Academy (NUAGA) and ISD88 programs will have sufficient space and be able to attract state and regional competitions.
- E. Winter Multi-Purpose Dome: the new ISD88 football field at the new high school has an artificial turf surface. During the cold weather months that facility will sit idle. The City of New Ulm and ISD88 will form a joint operating agreement in placing an inflated dome over the field during the winter months. This facility would be unique to Southern Minnesota and will attract colleges and other schools and organizations in the area for their off-season sports activities and events. Like the Civic Center, the dome would be a revenue generator for the City and ISD88.
- F. Johnson Park: this historic and charming baseball park was built in the 1930's as a Works Progress Administration project and has not had a major improvement since. Besides improving handicapped accessibility, repairs and upgrades to the grandstand and concession stand will be completed. These improvements will be completed in time for the 2020 MN State Amateur Class B & C Baseball Tournaments which will attract over 20,000 visitors.
- G. Hermann Heights Park: this international tourist destination is in dire need of road safety and walkway accessibility. The current entrance, Monument Street, is a vehicle safety hazard. This entrance street will be relocated to the west in order to get it off the crest of Center Street. Other improvements will be establishing parking areas with curb and gutter and accessible sidewalks.

5. What are the advantages of funding projects through a local sales tax vs. property taxes?

Everyone in the community will help pay for the projects not just property owners. Visitors and non-residents who shop in New Ulm will also help pay for the projects. Many of these visitors and non-residents will be using the new facilities and so this is a good way for them to help pay. This is a tax on what you buy not what you own.

6. As a New Ulm shopper are there estimates of how much the local sales tax will cost me per year?

The amount of local sales tax that a New Ulm household would pay during one year would depend on individual spending patterns. Using sales tax data available from the Minnesota Department of Revenue, it is possible to estimate annual local sales tax payments for different types of households at various levels of adjusted gross income levels.

Adjusted Annual Income	Single Persons (Not Retired)	Married Couples (With Children)	Retired Single Persons/Couples
\$8,000	\$20	\$33	\$17
\$12,000	\$28	\$41	\$23
\$17,500	\$36	\$48	\$33
\$22,000	\$43	\$54	\$41
\$30,000	\$49	\$62	\$50
\$50,000	\$65	\$78	\$69
\$60,000	\$76	\$92	\$82
\$100,000	\$125	\$136	\$135

7. If the local sales tax extension passes when will the projects be completed?

Construction would most likely begin in 2018. Based on the project experience in 2000, each project will have its own timeline but they could all be completed by 2020.

8. What items for purchase are subject to the local sales tax?

All items that are subject to state sales tax. Groceries, clothing and medicine are not taxed.

9. What about cars and other motorized vehicles?

There is a \$20 cap on local sales tax for new and used cars, trucks, motorhomes, and other licensed motor vehicles.

10. Are items that are sold in New Ulm but then delivered outside the city limits subject to the local sales tax?

State law prohibits local sales tax on items delivered outside the city limits. This provision particularly affects the hardware and furniture sectors because special delivery is common, but all sectors that perform delivery services would be included.

11. Can you give me an idea of the local sales tax impact on various purchases?

Purchase	One-Half Percent Local Sales Tax
Groceries	\$0.00
Medical Prescriptions	\$0.00
Clothing/Shoes	\$0.00
\$10 Birthday Toy	\$0.05
\$12 Pizza	\$0.06
\$300 Washing Machine	\$1.50
\$16,000 New Car	\$20.00 (cannot exceed)

12. What portion of the local sales tax is estimated to come from visitors to New Ulm?

Based on sales tax projections and Minnesota Department of Revenue statistics, it is estimated that upwards of 40% of the local sales tax collected in New Ulm would be from non-residents. Many visitors will enjoy the new projects and this is the best way for them to contribute to their cost.

13. How did the City of New Ulm determine what projects to fund with the local sales tax?

In September of 2015 the City Council appointed a special committee of New Ulm residents called RENU (Reinvest in New Ulm) to invite project proposals, evaluate those proposals, and recommend final projects to the City Council. In August of 2016 the City Council voted to accept the RENU projects and place the sales tax extension on the November ballot.

14. If the sales tax extension vote fails how will the projects be funded?

Unless some very generous benefactors come forward, the projects would have to be paid for through property taxes. When the City raises property taxes it usually amounts to a few hundred thousand dollars in any given year, not even close to the \$14.8 million required for the projects. So the projects would have to be done over many years. Inflation would increase the costs and residents today would have to wait many years to enjoy the project benefits.

15. Will the local sales tax have an impact on economic development?

We have heard repeatedly from New Ulm’s major employers that improvements to the community’s recreational facilities will directly impact how potential employees will view New Ulm’s quality of life. The economic vitality of New Ulm depends in large part on the ability of the business community to attract and retain qualified employees. The projects to be completed with the local sales tax revenue are a clear statement that we take our recreation opportunities and quality of life in New Ulm very seriously.

16. Do other cities in Minnesota have a local sales tax?

Yes, some of the cities in Minnesota that have a local sales tax include Mankato, Rochester, Hutchinson, Willmar, Duluth and several in the Metro Area. Every time you purchase taxable items in these cities you are contributing to their local sales tax.

17. Will City operational costs increase if the sales tax extension passes?

Yes operational costs will increase and will be paid for through the normal City budget. However, replacement and repairs for the projects will be covered with sales tax revenue reserves as they have been for the 2000 projects. Generally we are voting to improve our community quality of life which comes with added costs. Some of the operational costs will be paid for through increased revenue from user fees. The winter dome, gymnastics, wellness center and waterpark will be the largest contributors to new revenue.

18. Why should I support the local sales tax extension?

For the future of New Ulm. It has been 16 years since the community voted to make a major investment in our park and recreation facilities. Reflect on where we would be today without the Civic Center, Community/Senior Citizens Center, or the Recreation Center (Vogel). The local sales tax provides the least painful way to pay for the projects especially given that visitors will contribute 40%. Some have expressed that they never notice that extra one-half percent on their purchases. New Ulm is an outstanding community because each and every one of us takes pride in our quality of life. Everyone will benefit – young and old alike.

This question/answer sheet was prepared and paid for by the Friends of RENU Committee. Private individuals and non-profit organizations from within New Ulm have donated funds for the promotion of passing the local sales tax extension. No City funds or tax dollars are being spent on this campaign.

Further comments or questions should be directed to the Friends of RENU Committee, Bob Skillings, Chair. bob.skillings@icloud.com or 507-217-9038. Information can also be obtained at www.newulm.com/renu.