

# PROPOSITION ONE: Capital Improvement Sales Tax Renewal

## FREQUENTLY ASKED QUESTIONS

**What is a “Capital Improvement”?** A capital improvement is the purchase of or improvement to infrastructure (streets, sidewalks), property, or equipment. Capital improvement funds can be used for roads, sidewalks, building improvements, equipment used by employees, police cars, ambulances, fire trucks, snow plows, and computer equipment. Capital purchases make it possible for the City to deliver top-quality services to residents.



**Is this a new tax?** No, this is not a new tax or a tax increase. The original sales tax was passed by voters in 1994 and went into effect in 1995. It was renewed for 2005. Proposition One will be on the ballot on April 4 and will ask voters to continue the Capital Improvement Sales Tax, without a sunset provision.

**Who pays the tax?** This is a half-cent sales tax that will be charged on goods and services purchased in the City of Kirkwood. This means all goods purchased by anyone who visits Kirkwood and shops or dines here, not just Kirkwood residents.

**Doesn't my property tax pay for everything?** General fund property taxes pay for about 10 percent of City services, while sales taxes pay for 25 percent of services. The City also generates revenue via permits and other fees, but the majority of the City's budget is paid for through sales tax revenue.

**Will it pay for upgrades to Kirkwood Water or Kirkwood Electric?** No. The City's two utilities pay for infrastructure upgrades out of their reserve funds, which are funds that accumulate when revenue exceeds expenditures.

**How has this tax money been used in the past?** This sales tax revenue is used to pay for a variety of capital improvements each year. Below are a few of the recent key projects and purchases:

- ◆ Streets and Sidewalks in 2016 (\$2.69 million)
- ◆ Streets and Sidewalks in 2017 (\$3.24 million)
- ◆ Purchase of 15 vehicles and equipment in 2016, including service trucks, dump trucks (with snow plow and salt spreader), and a flatbed (\$432,446). Pictured: Dump truck (plow unattached).
- ◆ Purchase of a generator for the Public Services building in 2011 (\$220,000, pictured) and a generator for the Police Department in 2015 (\$68,621)



**Why are we being asked to renew this tax on April 4?** If not renewed by the voters prior to 2020, this source of funds will no longer be authorized and available to the City to continue to make capital improvements. Since the City programs these funds several years in advance, citizens are being asked to renew this tax now.

