



RE: Ordinance Providing For How City Use Tax Funds Shall Be Utilized

Background:

Currently, the 1.5 cent general sales tax that is collected is split into the general fund and the streets fund. One cent currently goes to the general fund and one-half cent goes into the street fund. The rate of the City's use tax is derived from the sales tax rate of the City imposed sales taxes. This means the use tax is also imposed at the same 1.5 cent rate. Since the passage of the use tax, the total amount of revenues generated from the general use tax have been placed in the general fund. At the last City Council meeting, Mayor Steele requested staff bring an ordinance to City Council that would designate 1 cent of the general use tax to the general fund and one-half cent to streets.

Analysis:

The passage of the ordinance would remove the one-half cent portion of the use tax and place it into the street fund. Using 2021 end of year revenues as an example, \$221,110.73 would have gone to the street fund, lessening the amount of revenues going to the general fund by that same amount.

Recommendation:

Staff recommends that City Council review the attached ordinance for consideration.

MEMO PREPARED BY:

Jimmy Liles | City Administrator

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1 **AN ORDINANCE OF THE COUNCIL OF THE CITY OF NIXA AMENDING CHAPTER 2,**
2 **ARTICLE IV, OF THE NIXA CITY CODE BY ADDING THERETO A NEW SECTION TO**
3 **PROVIDE FOR HOW CITY USE TAX FUNDS SHALL BE UTILIZED.**
4

5
6 **WHEREAS** The City levies a use tax pursuant to Ordinance 1992; and
7

8 **WHEREAS** the rate of the use tax is derived from the sales tax rate of City imposed
9 sales taxes; and
10

11 **WHEREAS** the City Council desires to adopt an Ordinance to provide that use tax
12 funds shall be utilized for the same purposes as the sales tax to which the use tax derives
13 its rate; and
14

15 **WHEREAS** the City Council, after considering the provisions contained herein,
16 desires to approve and adopt this Council Bill.
17

18 **NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF**
19 **NIXA, AS FOLLOWS, THAT:**
20

21 **SECTION 1:** Chapter 2, Article IV, of the Nixa City Code is hereby amended by
22 adding thereto a new section 2-152, which said section shall read as follows:
23

24 (Note: Language to be added is indicated by being underlined. Language to be removed
25 is indicated by being ~~stricken~~.)
26

27 Sec. 2-152. – City use tax funds – Purposes to which funds shall be utilized.
28

29 Funds derived from any City imposed use tax shall be utilized for the same purposes as
30 the sales tax to which said use tax rate is determined.
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32 **SECTION 2:** The City Attorney, when codifying the provisions of this Ordinance, is
33 authorized to provide for different section numbers, subsection numbers, and different
34 internal citation references than those provided herein when such section numbers,
35 subsection numbers, or internal citation references are in error or are contrary to the intent
36 of this Ordinance.
37

38 **SECTION 3:** Savings Clause. Nothing in this Ordinance shall be construed to
39 affect any suit or proceeding now pending in any court or any rights acquired, or liability
40 incurred nor any cause or causes of action occurred or existing, under any act or
41 ordinance repealed hereby.
42

43 **SECTION 4:** Severability Clause. If any section, subsection, sentence, clause, or
44 phrase of this Ordinance is for any reason held to be invalid, such decision shall not affect
45 the validity of the remaining portions of this Ordinance. The Council hereby declares that
46 it would have adopted the Ordinance and each section, subsection, sentence, clause, or

47 phrase thereof, irrespective of the fact that any one or more sections, subsections,
48 sentences, clauses, or phrases be declared invalid.

49
50 **SECTION 5:** This Ordinance shall be in full force and effect from and after its final
51 passage by the City Council and after its approval by the Mayor, subject to the provisions
52 of section 3.11(g) of the City Charter.
53

54
55 **ADOPTED BY THE COUNCIL THIS _____ DAY OF _____ 2022.**

56
57 ATTEST:

58
59 _____
60 PRESIDING OFFICER

_____ CITY CLERK

61
62
63 **APPROVED BY THE MAYOR THIS _____ DAY OF _____ 2022.**

64
65 ATTEST:

66
67 _____
68 MAYOR

_____ CITY CLERK

69
70
71 APPROVED AS TO FORM:

72
73 _____
74 CITY ATTORNEY