

February 14, 2005

Dear Council Member

For the fourth year in a row, the Council plans to move \$230,000 from the Community Betterment Fund directly to the General fund for Property tax relief. This is in direct conflict with the intent of the citizens of Ames, who passed this 1% local option sales tax by referendum on November 4th 1986 (see budget documents at <http://jscada.com/docs/stax/LOBudget.pdf>).

The "Community Betterment" fund was created from part of the resulting tax revenue from the 1% sales tax referendum. According to the official language of the referendum:

"Revenues from the sales and services tax are to be allocated in the City of Ames in the County of Story as follows:

Sixty percent (60%) for property tax relief

The specific purpose for which the revenues shall otherwise be expended is: Human service agencies, the arts and community betterment." See <http://jscada.com/docs/stax/Autitor.pdf> for the official language from county auditor.

The transfer of \$230,000 proposed by council is well above and beyond the 60% called for in the instructions passed by the people. \$230,000 represents 25% of budgeted funds for the Arts and Human Services. Some might attempt to argue that additional property tax relief is somehow also community betterment, but that excuse ignores that specific limits of 60% for property tax relief were clearly spelled out in referendum language. One can also look to what the public was told prior to passage of the referendum to understand the intended allocation of revenues.

In 1986 the Editorial Board of the Ames Tribune urged passage of the referendum stating " local government is committed to devoting 60 percent of the local option tax to property tax relief. That's more than \$1 million per year. The rest of the money, some \$600,000, will go to replacing funds lost to human service agencies by the elimination of federal revenue sharing funds." (See <http://jscada.com/docs/stax/TibEditorial1.pdf>)

In response to criticism that human services and the arts would not receive its fair share chairperson Tim Finn of the "Committee for Property Tax Relief" stated in a letter to the editor "The fact is that if local option passes the division of revenues (60 percent property tax relief, 40 percent human services, the arts and community betterment) cannot be changed or altered in any way unless there is another vote of the people." (See <http://jscada.com/docs/stax/Letter10-30-1986.pdf>).

In a letter to the editor in 1986 from the "Committee for Property Tax Relief", co-chairs Tim Finn, Mary Atherly and Treasurer Dean Hunziker state "Since we will be able to reduce the burden on property taxpayers and continue to fund valuable services for the poor, under the local option tax proposal everyone benefits and everyone shares." (See <http://jscada.com/docs/stax/Letter10-17-1986.pdf>)

Despite the assurances made at the time and the clear intent of the voters in passing the referendum, the city council has changed the division of revenues without a vote of the people and not everyone still benefits as specified by the 60/40 sharing arrangement. Clearly, this was not the intent of the voters and the city's questionable legal attempt to redefine "community betterment" aside, the city council should make this right with the citizens of Ames by removing the \$230,000 transfer in the upcoming budget. In addition if council members really want to be square with the public, the council should restore the \$511,000 taken over the last three years from the "Community Betterment" fund. These funds could then be allocated as intended through a onetime request for proposals to eligible projects. We urge the council to take these corrective actions.

Sincerely

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Kay and Roger Burger
Jon Banwart
Joanna Courteau
Susan Fransen
Rae Haws
Dean E. Hunziker *
Mary Ann Lundy
Ardith Maney
Michael Miller (The President of the Ames Community Arts Council)

Scott Miller
Dan Otto *
Terry Pickett
Jim Popken
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Keith Schrag
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* Original members of the 1986 "Committee for Property Tax Relief"