

Council warns of possible tax increase

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Ames' property taxpayers will likely be paying more to support the city government if voters don't approve a local sales tax, officials warned Tuesday.

The Ames City Council Tuesday gave City Manager Steve Schainker the nod to prepare a fiscal 1988 city budget that will allow a 4-percent increase in general spending — an amount officials contend is needed to continue existing services.

But because other sources of funding for the city government, including state and federal aid, are either not going up or are being eliminated, the council may have to turn to property taxpayers to make up the difference.

"With expenditures going up 4 percent and (less than half) of your revenues going up by that much, it's tough to keep pace," Schainker said.

City officials estimate that the city's tax base will expand by 5 percent to \$755.7 million in fiscal

1988.

But they also say they'll need to increase property tax revenues by 9 percent to generate enough funds to meet additional expenses and keep enough cash on hand to satisfy bond-rating agencies.

The result is that tax rates for the city government's general fund could go 4 percent from the current \$6.12 per \$1,000 taxable valuation to about \$6.38 "unless we come up with another source of revenue," Finance Director Betty Jo Harker said.

That's where the local sales tax comes in. Voters in Ames and the rest of Story County will decide Nov. 4 whether to approve the 1-cent tax and a private Ames group is pushing for its passage.

Sixty percent of the \$1.8 million the tax would raise would go to cover property taxes, and preliminary indications are that it would allow the city government's property tax rate to fall below \$5 per \$1,000 valuation.

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But increases in city services — a possibility in light of city talk of accelerating street improvements — might push that rate back toward the current level.

Of the remaining sales tax money, about \$400,000 would support local human services agencies and the arts — programs that have suffered federal funding cuts over the past two years.

The council formalized that scenario for human services and the arts Tuesday when it voted unanimously to allocate the \$400,000 for those groups.

"There is some doubt in some persons' minds as to whether or not the council will carry through on that," council members Ann Campbell said in calling for the human services and arts commitment from the council.

One city department that will be

exempted from the 4 percent increase limit will be the Ames Public Library, which has asked since last year for additional funding to help it provide materials for its new downtown facility.

The council voted 3-2 to come up with an additional \$158,000 for the library during fiscal 1988 after council member Georgene Shank said library officials "made their case" for additional funding.

The library is operating with a \$936,000 budget during the current fiscal year.

Final tax rates for fiscal 1988 won't be known for several months. Schainker's staff now begins the three-month process of drafting the budget, followed in February by council hearings on the spending plan.

The council must give final approval to the 1988 budget before mid-March.