

PROBLEMS

Local governments are being asked to maintain present services with less money. Both state and federal contributions have been reduced. Programs previously provided by the state and federal governments have been "turned over" to local funding bodies. The transfer of these programs to local governments was linked to reductions in Federal taxes. The intention of this approach was to allow the beneficiaries of local programs to make decisions on the financing of these programs.

In its effort to balance the Federal budget, Congress chose to eliminate General Revenue Sharing, a program which allocated Federal funds to local governments. Revenue sharing funds have been used by Story County and every city in the county to fund streets, fire departments, capital improvements, human services, the arts, and other services. Funds will be reduced by half in July 1986, and are projected to end completely in October 1986. Under the existing tax structure, local governments' only source of revenue to meet these needs is property tax.

All residents of Story County have benefited from revenue sharing supported programs. These include the support of children, youth and families, services for the elderly, and art programs as well as more traditional public services. With no resources for replacement funds, communities will not be able to respond as readily, if at all, to certain needs.

Agencies with few or no alternatives will close. Others will reduce services. Some working with low income groups will, ironically, have to charge for services. Throughout Story County, vital community programs will be impaired.

THE SOLUTION

By applying a one-cent per dollar local sales tax, funds can be generated to support existing services, to provide required property tax relief and for community betterment. A 1985 Iowa law allows counties to levy a local option tax on the same basis as the Iowa state sales and services tax. This means that local shoppers presently paying a tax of 4 cents on a one dollar purchase would pay an additional penny tax.

Sixty percent of the new income would go to property tax relief. The remaining forty percent would be used to replace the lost revenue sharing funds and to pay for other necessary city and county services.

HOW WOULD THE LOCAL SALES TAX LOWER PROPERTY TAX?

Money generated by the local option tax will reduce the amount of each budget to be paid for by property tax. This will reduce the levy and therefore the tax on each property in the county. Property owners will pay a smaller part of the total governmental budget. Homeowners, farmers, and other

property owners will have lower taxes. A local sales tax would allow others to share a part of the cost of government.

Each privately owned property is taxed by several bodies. The largest are the school district, the municipal governments and the county. Part of each budget is paid for by property taxes. Once the budgets are established, the part of the budget to be funded by property tax is divided by the taxable value of all property (residential, agricultural and commercial). The figure obtained by dividing the budget portion needed by the value of all property is the levy for each governmental body. The sum of the levies multiplied by the value of a parcel of property determines the amount of property tax.

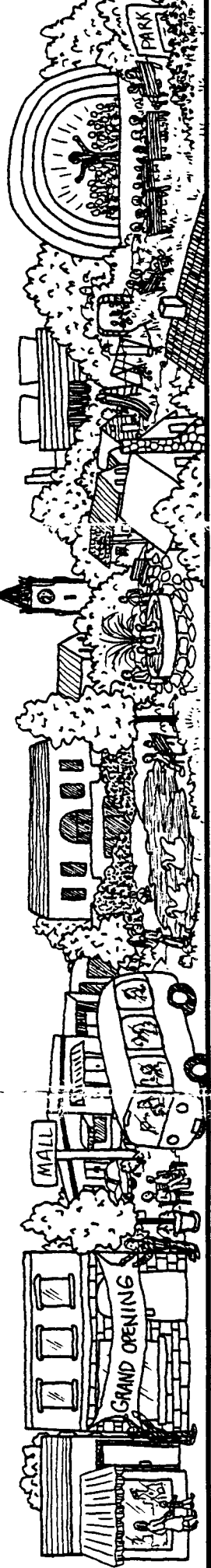
City budgets cannot grow unchecked. There are legal mechanisms which limit the amount of property value assessment increases and which set a maximum levy for certain budget categories.

WHAT DOES THIS MEAN?

Taxable purchases would bear an additional one-cent per dollar tax. This tax is not paid on purchases of food, medicine, most services, business machinery, motor fuel or automobiles. Using IRS charts, the additional sales tax paid under the local option tax for a household of 1 to 2 persons earning \$18,000 to \$20,000 per year would be \$47.

A home in Ames valued at \$70,000.00 would have had a property tax reduction of approximately \$75.00 in the 1986-86 fiscal tax

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year. Property taxes will be reduced by an estimated average of 6.7%.

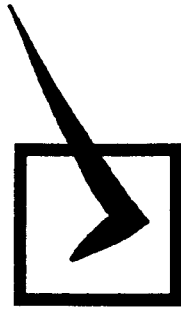
Services previously funded with revenue sharing would survive. Senior citizen, youth

and similar programs in the human services and arts would continue to be available to county residents.

Based on 1985-86 sales figures, total income for cities and the county generated by the local option tax would be:

Community	Total Distribution (100%)	Property Tax Relief (60%)	Community Betterment, Arts, and Human Services (40%)
Ames	1,892,695	1,135,617	757,078
Cambridge	27,755	16,653	11,102
Collins	17,956	10,774	7,182
Colo	31,638	18,983	12,655
Gilbert	32,096	19,258	12,838
Huxley	75,021	45,013	30,008
Kelley	9,585	5,751	3,834
Maxwell	30,197	18,118	12,079
McCallsburg	12,139	7,283	4,856
Nevada	252,248	151,349	100,899
Roland	39,957	23,974	15,983
Sheldahl	5,712	3,427	2,285
Slater	54,185	32,511	21,674
Story City	113,204	67,922	45,282
Zearing	24,139	14,483	9,656
Townships	641,682	385,009	256,673
TOTALS:	3,260,209	1,956,125	1,304,084

VOTE



YES

FOR

PROPERTY TAX RELIEF

HUMAN SERVICES

ARTS

COMMUNITY BETTERMENT

Paid for by the Committee For Property Tax Relief
 Co-chairs: Mary Atherly and Tim Finn
 Treasurer: Dean Hunziker