

**CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
JULY 19, 2022 AGENDA**

Subject:	Type:	Submitted By:
RESTAURANTS AND DRINKING PLACES OCCUPATION TAX AT 2 ½ PERCENT	◆ RESOLUTION ORDINANCE RECEIVE/FILE	KEVIN POKORNY DIRECTOR OF ADMINISTRATIVE SERVICES

SYNOPSIS

A resolution has been prepared to approve placement of the question of a 2.5 percent Restaurant and Drinking Places Occupation Tax on the November 8, 2022 general election ballot.

FISCAL IMPACT

Revenue projections are expected to exceed \$700,000 annually.

RECOMMENDATION

Approval.

BACKGROUND

On September 3, 2019, the City passed Ordinance 1365 and established Restaurant and Drinking Place occupation tax at a rate of 1.5% of the gross sales of a restaurant or drinking place from the sale of prepared food and beverages from places such as cafés, bakeries, coffee shops, food trucks, caterers, as well as restaurants or drinking places in grocery or convenience stores, and it applies to both alcoholic and non-alcoholic beverages. State statute identifies a maximum collection for first class cities of \$700,000. During the first two years of tax collection, the revenue generated exceeded the \$700,000 limit. (\$765,323 in FY20; \$993,675 in FY21).

The Restaurant Tax was reviewed as part of the budget process and determined to be a potentially significant source of funding to help shoulder the burden of growth. Specifically, because this is a growing area of revenue generation associated with new restaurants, drinking establishments, and tourism. This would share the costs of funding the increased service demands and infrastructure repair and improvements with non-residents who are increasing the demands. If approved, this change would make the restaurant tax over 10% of the City's General Fund tax revenue after property and sales taxes.

Hunden Strategic Partners completed a study in 2021 related to the customer base in La Vista's commercial areas. The results identified that over 90% of the restaurant and drinking tax is paid by visitors to the City.

The proposed placement of a 2.5 percent Restaurant and Drinking Occupation Tax on the November 8, 2022 general election ballot would help ensure the City's continued fiscal strength and address challenges resulting from rapid growth.

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF LA VISTA, NEBRASKA PURSUANT TO APPLICABLE NEBRASKA STATUTES INCLUDING §18-1208 ORDERING SUBMISSION OF THE QUESTION WHETHER TO IMPOSE AN OCCUPATION TAX ON RESTAURANTS AND DRINKING PLACES WITHIN THE CITY CALCULATED AT A FIXED RATE OF 2.5% OF GROSS RECEIPTS FROM FOOD AND BEVERAGES, WHICH TAX IS PROJECTED TO GENERATE ANNUAL REVENUE IN EXCESS OF \$700,000 AND REPLACES THE CITY'S CURRENT OCCUPATION TAX ON RESTAURANTS AND DRINKING PLACES.

WHEREAS, the Mayor and City Council pursuant to applicable Nebraska Statutes including §18-1208 propose and desire to submit to registered voters of the City at the 2022 General Election whether to impose an occupation tax on restaurants and drinking places within the City that is calculated at a fixed rate of two and one-half percent (2½%) of gross receipts from food and beverages, effective on a date and subject to other terms and conditions as specified by Ordinance, which occupation tax is projected to generate annual revenue in excess of \$700,000 and if approved would replace the City's current occupation tax on restaurants and drinking places.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of La Vista, Nebraska that the following actions are hereby adopted and approved:

1. The Mayor and City Council pursuant to applicable Nebraska Statutes including §§16-205 and 18-1208 desire to submit to registered voters of the City at the 2022 General Election the following question:

"Shall the Mayor and City Council of the City of La Vista impose an occupation tax on restaurants and drinking places within the City pursuant to Nebraska Statutes Sections 16-205 and 18-1208 that is calculated at a fixed rate of two and one-half percent (2½%) of gross receipts from food and beverages, effective on a date and subject to other terms and conditions as specified by Ordinance, which occupation tax is projected to generate annual revenue in excess of \$700,000 and replaces the City's current occupation tax on restaurants and drinking places?"

2. A proposed ballot is approved in form and content presented with this Resolution and incorporated herein by this reference, subject to any additions, subtractions, or modifications as the Mayor, City Administrator, City Clerk, or his or her designee determines necessary or appropriate
3. The City Clerk or any designee of the City Clerk, on behalf of the Mayor and City Council, is authorized and directed to order submission of the Question to registered voters of the City at the 2022 General Election. The City Clerk or any designee of the City Clerk, on behalf of the Mayor and City Council, shall submit a certified copy of this resolution with the Election Commissioner or County Clerk, and by doing so shall order submission of the Question to registered voters of the City at the 2022 General Election.
4. The Mayor, City Administrator, City Clerk, or his or her designee is hereby

authorized and directed to take all actions on behalf of the Mayor, City Council and City as necessary or appropriate to carry out this Resolution and submission of the Question to registered voters of the City at the 2022 General Election, including without limitation, preparing, executing, issuing, providing, certifying, or delivering any notices, ballots, instruments, or other documents.

PASSED AND APPROVED THIS 19TH DAY OF JULY 2022.

CITY OF LA VISTA

Kim J. Thomas, Acting Mayor

ATTEST:

Pamela A. Buethe, MMC
City Clerk

OFFICIAL BALLOT

City of La Vista
Proposal to Impose Occupation Tax on Restaurants and Drinking Places
At Fixed 2.5% Rate

Shall the Mayor and City Council of the City of La Vista impose an occupation tax on restaurants and drinking places within the City pursuant to Nebraska Statutes Sections 16-205 and 18-1208 that is calculated at a fixed rate of two and one-half percent (2½%) of gross receipts from food and beverages, effective on a date and subject to other terms and conditions as specified by Ordinance, which occupation tax is projected to generate annual revenue in excess of \$700,000 and replaces the City's current occupation tax on restaurants and drinking places?

- Yes (in favor of occupation tax at fixed 2½% rate)
- No (opposed to occupation tax at fixed 2½% rate)