

Memorandum #08-20

TO: Mayor and City Commissioners
FROM: Al Viereck, Finance Officer
RE: Recommendation for Property Tax Opt Out for Proposed Fire Station
DATE: January 24, 2008

At the City Commission's previous direction, attached to this memorandum is Resolution #08-03 establishing an annual opt out of \$190,232.28 to fund the estimated debt service of the proposed second fire station. This annual opt out would be for a period of twenty years. The resolution also sets an election date for Tuesday, April 8, 2008, in which the citizens of Yankton can directly approve or disapprove the proposed tax levy opt out pursuant to SDCL 10-13-36.

This date meets the legal requirements of having the election prior to October 1, 2008 for taxes payable in 2009, and to allow the City to give the proper notice to the State of South Dakota and to the County Auditor. This date also gives staff the required amount of time to provide public notice and prepare for the April 8, 2008 election.

It is recommended that the City Commission approve Resolution #08-03 and set April 8th, 2008 as the election date for the citizens to approve or disapprove the proposed property tax opt out.

Sincerely:

Al Viereck
Finance Officer

Basic Amortization Schedule 1

Amount of Loan:	\$2,500,000.00
Initial Periods (#):	80
Annual Rate (%):	4.5000
Periodic Payment:	\$47,558.07
Origination Date:	01/10/2008
1st Payment Date:	03/01/2008
Payment Period:	Quarterly
Compounding Period:	Quarterly
Points (%):	0.00
Amortizing Method:	Normal
Rate Basis:	Ordinary
Loan Acceleration Method:	No Acceleration
Weekend Adjustment Method:	No Adjustment
Last Period Adjusting Method:	No Adjustment
Apply US Rule:	No
Last Day of Month Adjustment:	Ignore

ANNUAL DEBT
SERVICE = \$190,232.28

Estimated Property Tax Proposed Second Fire Station

	Equalized Values						
Current City Levy	Current Mill	\$100,000.00	\$150,000.00	\$200,000.00	\$250,000.00	\$500,000.00	\$1,000,000.00
\$1,716,842.06	\$3.28	\$328.00	\$492.00	Current City Property Tax Per \$656.00	\$820.00	\$1,640.00	\$3,280.00
Annual Debt Service (Fire Station)	New Mill	\$364.34	\$546.51	New City Property Tax Per \$728.68	\$910.86	\$1,821.71	\$3,643.42
\$190,232.28	\$3.64	\$364.34	\$546.51	Additional City Property Tax Per \$72.68	\$90.86	\$181.71	\$363.42
11.08%							
	Monthly	\$3.03	\$4.54	\$6.06	\$7.57	\$15.14	\$30.29
	Semi-Annually	\$18.17	\$27.26	\$36.34	\$45.43	\$90.86	\$181.71

ALL TAXING DISTRICTS EXCEPT SCHOOL DISTRICTS – EFFECTIVE JULY 1, 2002 and after

10-13-36. Excess tax levy authorized--Vote of governing body--Announcement requirements--Referendum election. The governing body of a taxing district may exceed the limit pursuant to § 10-13-35 through the imposition of an excess tax levy. The governing body of a taxing district may impose an excess tax levy with an affirmative two-thirds vote of the governing body on or before July fifteenth of the year prior to the year the taxes are payable. On any excess tax levy approved after July 1, 2002, the governing body of the taxing district shall specify in the resolution the year or number of years the excess tax levy will be applied.

The requirements for an announcement made pursuant to this section are as follows:

(1) The decision of the governing body to originally impose or subsequently increase an excess tax levy shall be published within ten days of the decision;

(2) Publication shall be made at least twice in the legal newspaper designated by the governing body pursuant to law, with no fewer than five days between publication dates, before the opt out takes effect;

(3) The announcement shall be at least three newspaper columns in width and four inches in length or at least one-sixth of a page in size, whichever size is greater;

(4) The announcement shall be headed with the following statement in a typeface no less than eighteen point type: "ATTENTION TAXPAYERS: NOTICE OF PROPERTY TAX INCREASE OF \$(fill in amount)." The remainder of the announcement shall consist of a reproduction of the "Resolution for Opt Out," including the amount that property taxes will be increased annually by the proposed opt out and a statement of the right to refer the decision of the board to a vote of the people as provided in this section. The secretary of revenue and regulation, in rules promulgated pursuant to chapter 1-26, shall prescribe a uniform form to be used by the taxing district for notification of taxpayers as required by this section.

However, the requirements of subdivisions (3) and (4) shall be waived if:

- (A) The opt out is for less than fifteen thousand dollars; or
- (B) A copy of the resolution for opt out is mailed to every property taxpayer in the local governmental unit, by first class mail or bulk mail, within twenty days of the decision to opt out; and
- (C) A copy of the resolution for opt out is printed in each official newspaper in the local governmental unit's boundaries.

For the purposes of subsections (A),(B),and(C), the first publication is not deemed to have occurred until three days after the mailing is sent or the resolution is delivered to the official newspaper.

The opt out decision may be referred to a vote of the people upon a resolution of the governing body of the taxing district or by a petition signed by at least five percent of the registered voters in the taxing district and filed with the respective governing body within twenty days of the first publication of the decision. The referendum election shall be held on or before October first preceding the year the taxes are payable. If the opt out is for the purpose of increasing the secondary road levy pursuant to § 31-12-27, only the registered voters within the area of the county not included in any municipality, organized civil township, or county road district organized pursuant to chapter 31-12 may petition or vote on the referred decision. The taxing districts may not exceed the levy limits provided in chapter 10-12 except for the provisions in § 10-12-36.

NOTE: This section has been revised to allow all governing bodies the ability to refer their decision to opt out directly to a vote of the people.

RESOLUTION #08-03

ATTENTION TAXPAYERS: NOTICE OF PROPERTY TAX INCREASE OF \$190,232.28

RESOLUTION FOR OPT OUT AND VOTE TO BE HELD

THE CITY COMMISSION OF THE CITY OF YANKTON do state that the above said Commission is unable to operate under the tax limitation measure currently in statute. We therefore OPT OUT of such tax limitation in the amount of \$190,232.28 starting with calendar year 2008 taxes payable in the calendar year 2009. This opt out is for the annual debt service for the proposed construction of a new second Fire Station. This opt out will be for twenty (20) years, which will be through taxes payable in the calendar year 2028. This action has been taken by the Commission and approved by at least a two-thirds vote of the Commission.

Also, be it resolved that the CITY COMMISSION OF THE CITY OF YANTON will conduct an election to approve or disapprove the tax levy opt out pursuant to SDCL 10-13-36. The election will be held on April 8, 2008.

Signed _____	Mayor
_____	Commissioner
_____	Commissioner
_____	Commissioner
_____	Commissioner
_____	Commissioner
_____	Commissioner
_____	Commissioner
_____	Commissioner
_____	Commissioner

