Fairview Sales Tax Change Petition

Eliminate the EDC/CDC and use the sales tax money for the best and highest use.

Ballot Proposal

"Terminate the Fairview 4A & 4B Development Corporations (EDC & CDC) and its associated sales tax (1% combined); and the adoption of a local general sales and use tax in the Town of Fairview at a rate of one percent (1%). This would result in no net change in the total sales tax rate."

What is a 4A and 4B

4A (Economic Development Corporation – EDC) and 4B (Community Development Corporation - CDC) are economic development corporations funded by your sales tax dollars. Fairview has both corporations, 4A and 4B.

The combined Fairview EDC/CDC receives around $2.2 million in sales tax dollars annually.

Why Change?

When the 4A & 4B were approved in 2005, this was the only way for the Town to collect the extra 1% of sales tax at that time.

Since then the state law was changed and now allows a town to collect the extra 1% sales tax directly into the general fund.

The EDC/CDC can only use funds for specific issues. If the sales tax were directed to the general fund, it could be used for the highest and best use. That could be debt reduction, tax rate reduction, street repair, necessary projects, or staff.

EDC/CDC funds go to specific and special interests. General sales tax funds can benefit all the town.



Better Stewards

The EDC/CDC collected >$24M to date.

The money has been spent on things that benefit only a few landowners/ developers/ businesses / consultants. Recent data is now harder to find, but here's some older data:

Combined EDC/CDC		2017-2018 Budget Data for one year
Income	$ 1,520,000	Sales Taxes to EDC/CDC
Expenses	$ 1,028,000	To developer (380 Agreement)
	$ 194,000	economic development manager and assistant
	$ 111,000	marketing/events/consultants
	$ 52,000	community relations
	$ 56,000	travel and training
	$ 74,000	materials/supplies/other



EDC/CDC

Most towns do not have an EDC/CDC.

Since the state law on sales tax changed, many towns have already voted to move the sales tax money to the general fund and eliminate or shrink their EDC/CDC:

Anna – 65% voted for the proposal

Lake Worth – 64% voted for the proposal

Sunnyvale – 85% voted for the proposal



Petition

The petition drive needs to collect a couple hundred signatures to put this issue to a vote in the next scheduled municipal election.

If you sign the petition, you are simply requesting that the Fairview Town Council place this proposal on the ballot so the citizens may vote.



The Law Changed

In 2005 forming an EDC/CDC was a good way to collect the extra 1% of the tax.

The Texas law has changed and now allows that 1% of sales tax to be directed to the general fund, which provides more flexibility and can benefit ALL the town residents. We need to make this change.



Will This Hurt Development?

No – Well run businesses should not require subsidies. The town has already given many incentives to businesses which have later failed.

Commercial development does not need to be further subsidized by the residents.

There is also still a Tax Increment Finance (TIF) district overlaying the commercial district which rolls 75% of the increased property value back into the district (see next page).



TIF is Costing Residents Money Too

In 2015 the town created a Tax Increment Finance (TIF) district in the commercial district which rebates 75% of the increased property tax value back to the district. This TIF should be also eliminated or modified as they are a bad deal for the average resident taxpayer: https://www.lincolninst.edu/sites/default/files/pubfiles/hidden-costs-tif-lla181003.pdf

As the commercial area grows so does the demand for services. Unfortunately, most of the increased property tax will go back to the district, leaving the bill for increased costs to residents in the rest of the town.

How to Help

- Sign the petition – must be a registered voter in Fairview
- Ask your friends and neighbors to sign the petition
- Volunteer to gather signatures

If you want to sign contact . . .