



# PROPOSITION C

## ¼ CENT SALES TAX REFERENDUM

This proposition authorizes the City of League City to increase the levy of the local sales tax pursuant by one quarter of one percent (0.25%) such that the total City local sales and use tax levied shall equal one and one quarter percent.

### **What is the current sales tax rate in League City?**

League City's current sales tax rate is 8.00%. Of that, 6.25% is Texas state sales tax and 1.75% is local sales tax.

The revenue from League City's local sales tax is currently allocated for:

- 1.00% General funding
- 0.50% Property tax relief
- 0.25% 4B Industrial Development Corporation *(created by City Council ordinance in 1994 to promote and develop amateur sports facilities)*

### **What would the new sales tax rate be if Proposition C is approved?**

If Proposition C is approved, League City's combined state and local sales tax rate would be 8.25%. Of that, 6.25% would be Texas sales tax and 2.00% would be local sales tax. The revenue collected would be allocated for:

- 1.25% General funding
- 0.50% Property tax relief
- 0.25% 4B Industrial Development Corporation

### **Do other cities collect local sales tax?**

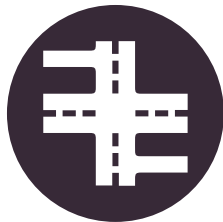
Yes, Texas has close to 2,200 cities, counties, and special districts that by law may collect a local sales tax of up to 2.00% for a total maximum combined sales and local sales tax rate of 8.25%. All of the cities in Galveston and Harris counties that surround League City, except for Bayou Vista, collect the maximum local sales tax of 2.00%.

### **What is the estimated revenue the proposed ¼ cent sales tax would generate?**

If approved, the ¼ cent increase would generate an estimated \$3.3 million in the first year alone. As more commercial businesses open in the City, more local sales tax will be collected, and the revenue will increase.

### **How will the ¼ cent sales tax revenue be used?**

The revenue would be allocated to the City's General Fund and would be used for mobility and drainage capital improvement projects.



### **Can the revenue be used for other things besides mobility and drainage?**

No, the ordinance that was approved by the League City Council calling for a sales tax referendum on the May 4, 2019 ballot specifically indicates that if approved by voters, the "revenue would be dedicated to fund roadway, traffic, mobility and drainage infrastructure improvements within the City."

### Would this apply to everything I buy?

No, the ¼ cent sales tax does not apply to several commonly purchased items, most notably to unprepared food (i.e. groceries, gasoline, and prescription medication purchases).



### How much would this cost me?

The ¼ cent addition to the sales tax is equivalent to ¼ of a penny per dollar spent. To put that in perspective, this would be an additional:

- 1 cent on a \$4 purchase
- 25 cents on a \$100 purchase
- 75 cents on a \$300 purchase
- \$1.25 on a \$500 purchase



### Will those visiting League City have to pay this?

Yes, visitors to League City currently pay local sales tax when they spend money at our stores, restaurants and other places with sales taxable items and services. Approximately 30% of our local sales tax revenue is from visitors to our City.

### Why is there both a sales tax referendum and bond election May 4?

If voters approve the two bond initiatives (Propositions A and B) along with the ¼ cent sales tax referendum (Proposition C), it would minimize the impact, if any, on the City's property tax rate. If both of the bond initiatives pass but voters reject the sales tax referendum, the City anticipates raising the property tax rate by \$0.014 per \$100 valuation. When applied to a League City homeowner with an assessed home value of \$250,000 with a homestead exemption, this would equate to an estimated increase of \$28 annually in property taxes.

### What will I see on the ballot May 4?

- FOR                      **CITY OF LEAGUE CITY, TEXAS – PROPOSITION C**  
"THE ADOPTION OF A LOCAL SALES AND USE TAX IN THE CITY OF LEAGUE CITY AT THE RATE OF ONE AND ONE QUARTER PERCENT (1.25%)"
- AGAINST

### Why does the ballot language say 1.25% when the proposition calls for a ¼ cent increase?

If approved, the revenue from the ¼ cent (0.25%) local sales tax increase would be added to the current 1.0% allocated to the City's general fund, making the new total one and one quarter percent (1.25%).

- 1.25% General funding
- 0.50% Property tax relief
- 0.25% 4B Industrial Development Corporation