Bridgeport WEST VIRGINIA

Opportunity lives here.

515 West
Main Street
P.O. Box 1310
Bridgeport, WV 26330-6310

Robert L. Greer, Mayor
A. Kim Haws, City Manager
Harry "Hank" Murray, III, Recorder

MUNICIPAL HOME RULE PILOT PROGRAM

2015 Amendment

APPLICATION

City Council:

Diana Cole Marra
John S. Wilson, Sr.
Dustin Vincent
Jeff Smell
LJ Maxey

A. Kim Haws, City Manager

Robert L. Greer, Mayor

*Made available to the public October 1, 2015
*Submitted to the WV Municipal Home Rule Board November 16, 2015

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EXECUTIVE SUMMARY

The City of Bridgeport, a Class III Municipal Corporation, Harrison County, West Virginia, having a population of approximately 8,149, was selected as a participant in the West Virginia Home Rule Pilot Program by the West Virginia Municipal Home Rule Board at its meeting held on May 21, 2008, as to all sections of its application. Bridgeport's original application contained four sections, (1) relating to restrictions on municipal participation in public schools; (2) the requirement that a municipality charge license and taxes not to exceed antiquated amounts previously authorized by the State; (3) authorizing the City to annex property to which it is best suited to provide public services under certain circumstances; and (4) authorizing Bridgeport as a Class III municipality to issue its own tax increment financing. The Board, at its meeting held on the 17th day of March, 2011, approved an amendment to the Home Rule authority of the City authorizing fire fees outside of the corporate limits of the City and authorizing a lien for the collection thereof.

In 2014, the Home Rule Board approved the City's amendment to revise its application relating to intergovernmental agreements, civil service as it relates to supervisory personnel, and procurement of engineering and architectural services.

Bridgeport, centrally located at the intersection of U.S. Route 50 and Interstate 79 between Clarksburg and Fairmont, West Virginia, has enjoyed strong population growth and significant economic and commercial development. Bridgeport attributes its growth and economic and commercial development not only to its location but also to its dedication to providing excellent services to its citizens, both residential and commercial. Throughout all of its growth, the residents of Bridgeport have managed to maintain the small community atmosphere. The community is very family-oriented and works together to provide advantages to the area youth, as well as senior citizens.

Bridgeport takes great pride in the quality and efficiency of its administrative staff and believes that the amendments to its Home Rule Plan herein set forth will add to and improve the efficient management of its assets and the efficiency with which it carries forth its municipal purposes. Approval of this plan will ensure that the City can continue improving the services and quality of life provided to its residents.

Sales Tax

The City proposes to impose up to a one percent sales tax on all taxable sales under the West Virginia Code. This proposal will generate an estimated additional $3.1 million in revenue to the City. This proposal allows the City to proceed cautiously by eliminating one

category of B&O tax. If the City, as expected, sees substantially increased revenues, it is our intent in the future to look at further reducing the B&O tax on various categories.

SECTION I: APPLICANT INFORMATION

A. General Information

Name of Municipality: City of Bridgeport

Certifying Official: A. Kim Haws Title: City Manager

Contact Person: A. Kim Haws Title: City Manager

Address: 515 W. Main Street, PO Box 1310
City, State, Zip: Bridgeport, WV 26330

Telephone Number: 304-842-8225 Fax Number: 304-842-8201

E-Mail Address: kim.haws@bridgeportwv.com

2010 Census Population: 8,149

B. Municipal Classification

Class I _____ Class II _____ Class III ___X____ Class IV _____

SECTION II: NARRATIVE

IMPOSE MUNICIPAL SALES AND SERVICE TAX AND MUNICIPAL USE TAX IN ACCORDANCE WITH WEST VIRGINIA CODE §8-1-5A(i)(14)

Specific state laws, policy rule, or regulation in question: 8-1-5a(i)(14)

Introduction: At the heart of North Central West Virginia, Bridgeport has proven to be a major growth area in the state. Bridgeport is continuously recognized for its outstanding schools and as a great place to live, do business and raise a family. In an effort to continue that growth, create jobs, assist with economic development and to provide a standard of excellence its residents deserve, the City would like to amend its Home Rule Application in the following manner.

The City of Bridgeport is proposing to impose up to a one percent (1%) sales and use tax to help fund the construction and ongoing operational and maintenance costs of an indoor recreation facility located near the current Bridgeport Recreation Complex. The funds may also be used for Parks & Recreation, civic and cultural facilities. The City is currently in the process of obtaining a firm to prepare a feasibility study to determine the type and use for the facility, a detailed concept plan of the proposed facility, a proposed location for the new facility, and a cost analysis for constructing, operating and maintaining the facility.

Problem: In 2004, the Legislature enacted W. Va Code §8-13C1 – et seq., which allows municipalities to impose up to a one percent (1%) sales and use tax only if the municipality repeals their business and occupation tax completely. For fiscal year 2014-2015, approximately 50% of the City's budget is funded through B&O taxes and complete elimination of B&O tax collections would make it nearly impossible to operate and maintain the City. The taxes generated from B&O far surpass the amount generated from a proposed one percent (1%) sales and use tax. The ability to lower B&O tax while enacting a sales tax provides the City with both an additional revenue source and a reduction in tax for certain businesses.

For the past 10 years, the citizens of Bridgeport have voiced a strong need for an indoor recreation facility. This facility /would not only benefit the area's youth, but seniors also.

Every year, the City conducts a strategic planning workshop and every five years the City updates its Comprehensive Plan. An indoor recreation facility has been included in both for many years.

The City cannot provide this facility with its current financial status.

If the City follows current state code, it would lose over $4 million in revenue.

Proposed Solution: The City proposes to eliminate its B&O tax on Manufacturing, which will result in a reduction of revenues of approximately $50,000. Imposing up to a one percent (1%) sales tax on all taxable sales under the West Virginia Code will generate an estimated additional $3.1 million in revenue to the City as illustrated in Exhibit A – Fiscal Impact Worksheet. This proposal allows the City to proceed cautiously by eliminating a category of B&O tax. If the City, as expected, sees substantially increased revenues, it is the intent of the City to further reduce the B&O tax on various categories.

The City's sales and use taxes will be administered, collected, and enforced by the State Tax Department as outlined in WV Code Chapter 11, Article 15a.

Conclusion: The current financial resources available to the City of Bridgeport are not adequate to fund an indoor recreation facility. The City has determined that in order to bring this project to fruition for the residents of not only Bridgeport, but Harrison County and beyond, it is necessary to impose up to a one percent (1%) sales and use tax.

Without having this taxing ability, a project of this nature would be virtually impossible for the City of Bridgeport.

SECTION III: AFFADAVITS

Hearing Mandate Verification

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Verification to be inserted upon completion of the Public Hearing

City Council Agenda indicating Public Hearing

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Agenda to be inserted after approval

City Council Minutes from Public Hearing

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Minutes to be inserted upon completion of the Public Hearing

Publication Mandate Verification

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Verification to be inserted once received at City Hall

Ordinance Authorizing Submission of Plan

AN ORDINANCE AUTHORIZING SUBMISSION OF AN APPLICATION TO THE WEST VIRGINIA MUNICIPAL HOME RULE BOARD FOR AMENDMENT TO THE CITY'S HOME RULE PLAN; TO IMPOSE MUNICIPAL SALES AND SERVICE TAX AND MUNICIPAL USE TAX IN ACCORDANCE WITH WEST VIRGINIA CODE §8-1-5A

BE IT ORDAINED by the governing body of the City of Bridgeport, Harrison County, West Virginia, that the Mayor, Recorder and City Manager be and they are hereby authorized to submit to the West Virginia Municipal Home Rule Board an Application for approval of an amendment of its Home Rule Plan, as the same may be amended or supplemented, to authorize modification to impose municipal sales and service tax and municipal use tax in accordance with West Virginia Code §8-1-5a.

BE IT FURTHER ORDAINED, that the Mayor, Recorder and City Manager be and they are hereby authorized to execute such Application for and on behalf of the City and to certify this Ordinance to the Municipal Home Rule Board of the State of West Virginia in accordance with the rules and regulations applicable thereto and to take any and all action necessary with respect to said Application and to execute such other documents, hearings, notices, certificates, and affidavits as are necessary or convenient to the filing of such Application.

Adopted this _____ day of _____, 2015, upon second and final reading.

_____
Mayor

_____
Recorder

Sales Tax Ordinance

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Ordinance to be inserted once City is authorized to submit plan

Exhibit A: Feasibility & Financial Impact

FISCAL IMPACT WORKSHEET/FORMULAS

BUSINESS CLASSIFICATIONS	RATE PER $100	01/01/2012 - 12/31/2012	01/01/2013 - 12/31/2013	01/01/2014 - 12/31/2014	3 Year B&O Average	Adjustment No Sales Tax **Estimate**	Adjusted B&O
MANUFACTURING	0.18	$45,336.97	$38,191.78	$55,850.97	$46,459.91	-$46,459.91	$0.00
RETAILERS/SELLILNG PROPERTY	0.4125	$1,757,183.25	$1,740,762.62	$2,096,013.89	$1,864,653.25	-$485,601.45	$1,379,051.80
WHOLESALERS	0.1238	$69,252.81	$54,718.61	$63,568.14	$62,513.19	-$62,513.19	$0.00
ELECTRIC/POWER CO. (SALES/DEMAND CHGS)	4	$367,201.42	$356,836.55	$358,465.07	$360,834.35	-$360,834.35	$0.00
ELECTRIC/POWER CO. (SALES ALL OTHER)	3	$25,384.53	$25,390.40	$30,161.50	$26,978.81	-$26,978.81	$0.00
NATURAL GAS COMPANIES	3	$144,706.52	$164,970.64	$170,278.85	$159,985.34	-$159,985.34	$0.00
CONTRACTORS	2	$1,454,606.44	$1,549,549.22	$1,440,347.31	$1,481,500.99	-$1,481,500.99	$0.00
AMUSEMENT BUSINESS	0.4125	$16,554.85	$16,671.08	$15,758.56	$16,328.16	-$16,328.16	$0.00
RENTAL,ROYALTIES OR FEES	0.825	$460,360.70	$500,035.45	$516,590.75	$492,328.97	-$492,328.97	$0.00
BANKING & FINANCIAL INSTITUTIONS	0.825	$191,968.03	$200,558.57	$206,476.46	$199,667.69	-$199,667.69	$0.00
SERVICE AND ALL OTHER	0.825	$1,739,727.83	$1,868,552.89	$2,156,664.99	$1,921,648.57	-$1,921,648.57	$0.00
AIRCRAFT REPAIR & MAINTENANCE	0.1	$253,057.01	$304,723.09	$330,365.15	$296,048.42	-$296,048.42	$0.00
		$6,525,340.36	$6,820,960.90	$7,440,541.64	$6,928,947.63	-$5,549,895.83	$1,379,051.80

	Gross Sales	1% Sales Tax	State Collection Fee	**Estimated** Sales Tax To City Less Fee
RETAILERS/SELLING PROPERTY	$334,315,588.69	$3,343,155.89	$167,157.79	$3,175,998.09
Est. reduction due to elimination of B&O Tax on Manufacturing				-$46,459.91
Estimated Additional Revenue				$3,129,538.19

Gross Sales is based on a three year average of B&O collected on Retail which was reduced by estimated taxes paid for groceries, gasoline, pharmacy and car sales. This figure was used to calculate the estimated 1% sales tax which was then reduced by the State's collection fee of 5%. The net figure was reduced by the 3 year average of B&O Tax collected on Manufacturing.

These figures do not include delinquency.

Attorney Opinion

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Opinion will be inserted after the Public Hearing

State of West Virginia Fees Statement