



CITY OF JOSEPHINE

Special Election for Economic Development Initiatives

This presentation will provide an overview of the November 5, 2024, Special Election ballot initiatives.

State Sales Tax



STATE SALES TAX

The State of Texas collects a 6.25% sales tax.



APPLIES TO RETAIL PURCHASES

The state sales tax applies to all retail purchases of goods and certain services within the State of Texas.



COLLECTED BY BUSINESSES

Businesses are responsible for collecting the state sales tax from customers and remitting it to the Texas Comptroller's Office.

THE STATE OF TEXAS HAS A 6.25% SALES AND USE TAX THAT IS COLLECTED BY BUSINESSES AND REMITTED TO THE STATE ON ALL RETAIL TRANSACTIONS.

Local Sales Tax Options



Local Option Sales Tax up to 2%

Texas local governments may levy an additional sales tax up to 2% over the state's 6.25% sales tax if the combined state and local sales tax rate does not exceed 8.25%.



Funding Local Endeavors

The additional local sales tax revenue may be used to fund a variety of local initiatives.



Impact on Consumers

The combined state and local sales tax rate in Texas jurisdictions can range from 6.25% to 8.25%, depending on the local tax rate implemented.

Consumers in North Texas currently pay 8.25%, throughout most of the D/FW Metroplex. The City of Josephine is not currently collecting the full 2% allowed by the State of Texas.

JOSEPHINE SPECIAL ELECTION



Moving Josephine Community Development Corporation (Type B) Sales Tax to City Sales Tax

City of Josephine voters will decide on whether to continue the existing 0.5 % sales tax currently collected by JCDC (Type B) or replace with a city sales and use tax providing increased revenue for the city's general fund.



Creation of a Municipal Development District (MDD)

City of Josephine (Collin Co. side only) and Josephine ETJ voters will decide on establishing a new Municipal Development District (MDD), which will allow the city to fund projects with a dedicated 0.5 % sales tax.

The propositions have the potential to generate additional revenue streams for the city of Josephine and Josephine ETJ.

Proposition: Sales Tax Adjustment

Appears as Proposition A on the ballot for voters residing within Josephine city limits.

Abolish the current one-half of one percent (0.5%) Josephine Community Development Corporation (Type B) sales tax

The current sales tax rate of one-half of one percent (0.5%) levied by the Josephine Community Development Corporation (Type B) will be abolished; and

Adopt a local sales and use tax in the City of Josephine at the rate of one and one-half percent (1.5%)

The City of Josephine currently collects one percent (1%) sales tax. If the JCDC 0.5% sales tax is abolished the city will gain the 0.5% sales tax for a total city sales tax of 1.5% with revenue applied to the City's general fund.

No change to the overall sales tax rate

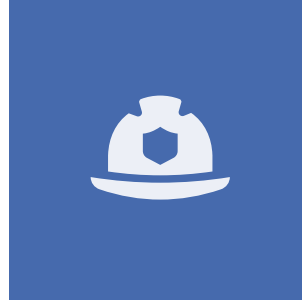
Proposition A, if approved by voters, does not change the overall sales tax rate in the City of Josephine. The sales tax currently collected by JCDC will instead go to the City's general fund.

Changing JCDC Sales Tax to a City Sales & Use Tax



Growth and Development

Josephine's population has been growing at a fast pace, putting a strain on city services and infrastructure.



Expanding City Services

Sales tax revenue gained by the City will go to the general fund to be used for purposes such as hiring personnel to maintain service levels and expand essential city services such as police, fire, street maintenance and utilities.



Potentially Offsetting Property Taxes

Increasing revenue through sales tax provides an opportunity to reduce the property tax burden for homeowners.

This proposition moves the current sales tax revenue from JCDC to a city sales and use tax.

Creating the Josephine Municipal Development District (MDD)

Appears as Proposition A on the ballot for Josephine ETJ voters residing in Hunt County

Appears as Proposition B on the ballot for City of Josephine and Josephine ETJ voters residing in Collin Co.

Establish Boundaries of MDD

Create the boundaries of the Josephine Municipal Development District in the Collin County portion of the City of Josephine and the entirety of the city's extraterritorial jurisdiction (ETJ).

Authorize MDD Sales Tax

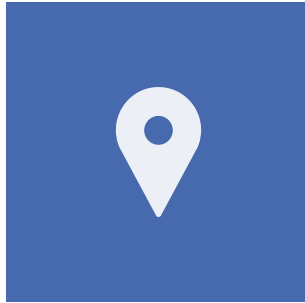
Impose a 0.5% sales and use tax to fund development projects advantageous to the district.

Creation of an MDD will increase sales tax within the Josephine city limits (Collin Co. side) and Josephine ETJ by 0.5% allowing the City of Josephine to collect the full 2% permitted by law.



Creation of a MDD allows Josephine ETJ residents to participate in economic development decision making through one or more representatives appointed to serve on the MDD Board.

What is a Municipal Development District (MDD)?



Special Purpose District

An MDD is a specialized local government entity created to generate economic development and growth opportunities within its designated boundaries.



Economic Development

City of Josephine residents residing in Collin Co. and all Josephine ETJ residents are eligible to serve on the MDD Board and vote in MDD elections to determine economic development policies and projects.



Projects and Initiatives

An MDD can undertake the same types of projects and initiatives as the current Josephine Community Development Corporation (JCDC) may undertake.

A Municipal Development District (MDD) is a specialized local government entity designed to generate revenue dedicated to economic development within its designated boundaries through a range of initiatives and projects.

Key Considerations of Establishing a Municipal Development District (MDD)

Community Engagement

Provides opportunities to foster greater citizen involvement including City and ETJ residents collaborating as part of the MDD decision-making process.

Economic Development

May attract new businesses such as restaurants, grocery stores and other retail and services. As more commercial development is built, residents will have the opportunity to shop local and MDD sales tax funds are reinvested into the Josephine community rather than neighboring cities.

Improved Public Amenities

Example projects that may be funded by an MDD: parks, baseball and soccer fields, other sports facilities, connected trail systems, and other projects to enhance the overall quality of life for residents.

Larger Area Collecting Sales Tax

An MDD is the only Economic Development Sales Tax that may be implemented in the ETJ. The current JCDC (4B) is limited to collecting sales tax within the city limits. This change would increase the area collecting sales tax by over 400%.

Long-term Sustainability

Provides a potential revenue stream that will grow as the city and ETJ grow.

Maintain & Enhance Neighborhoods

Investments in infrastructure, amenities, and economic development assist in maintaining neighborhoods and commercial areas leading to quality development and benefiting the municipal tax base.

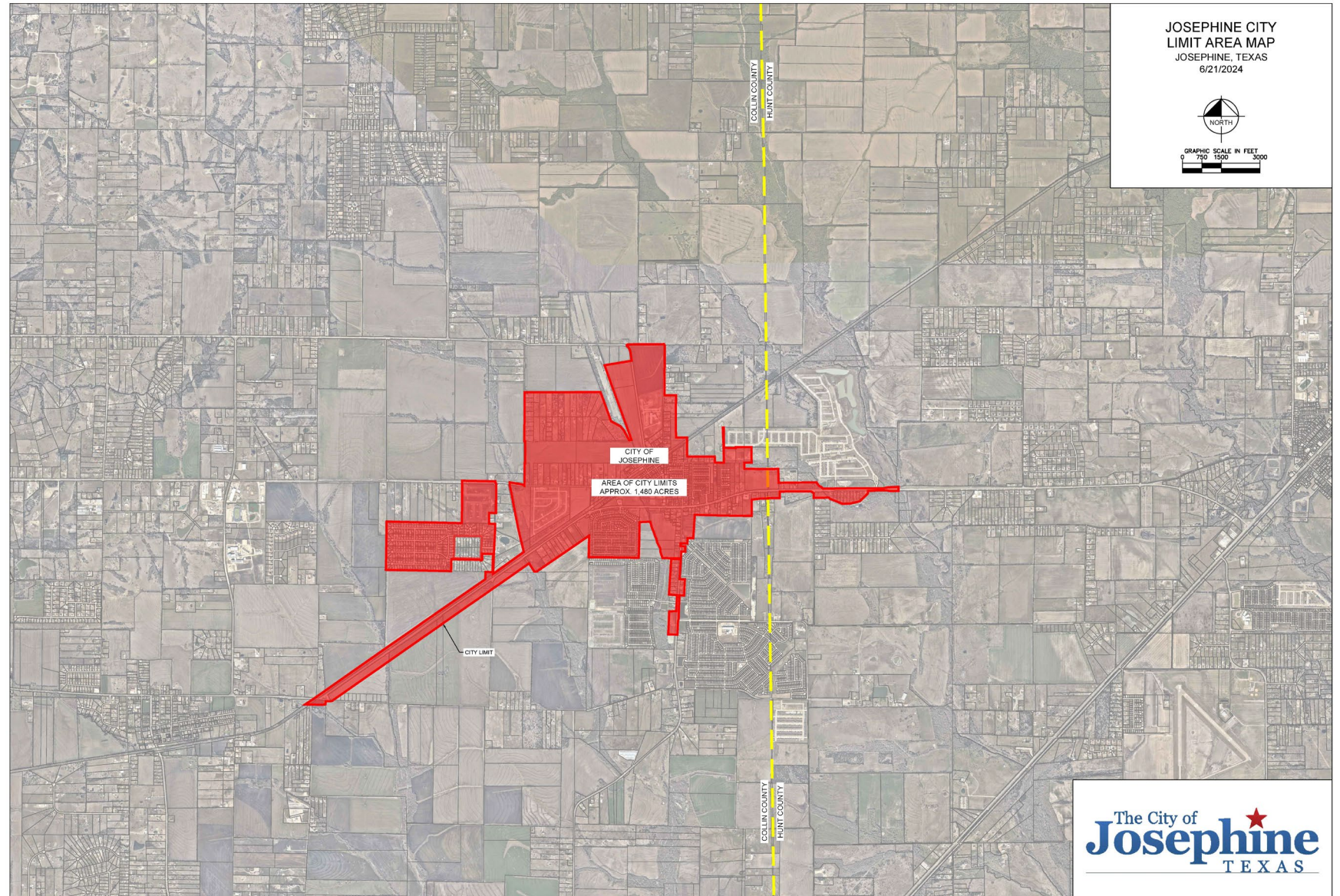
Additional Information about sales tax programs may be found on the Texas Comptroller's Website: <https://comptroller.texas.gov/economy/development/sales-tax/>

Map shows Josephine City Limits

Current combined local sales tax rate is 1.5% in city limits

City currently receives 1% and JCDC (4B) receives 0.5%

Total area city limits 1,480 Acres



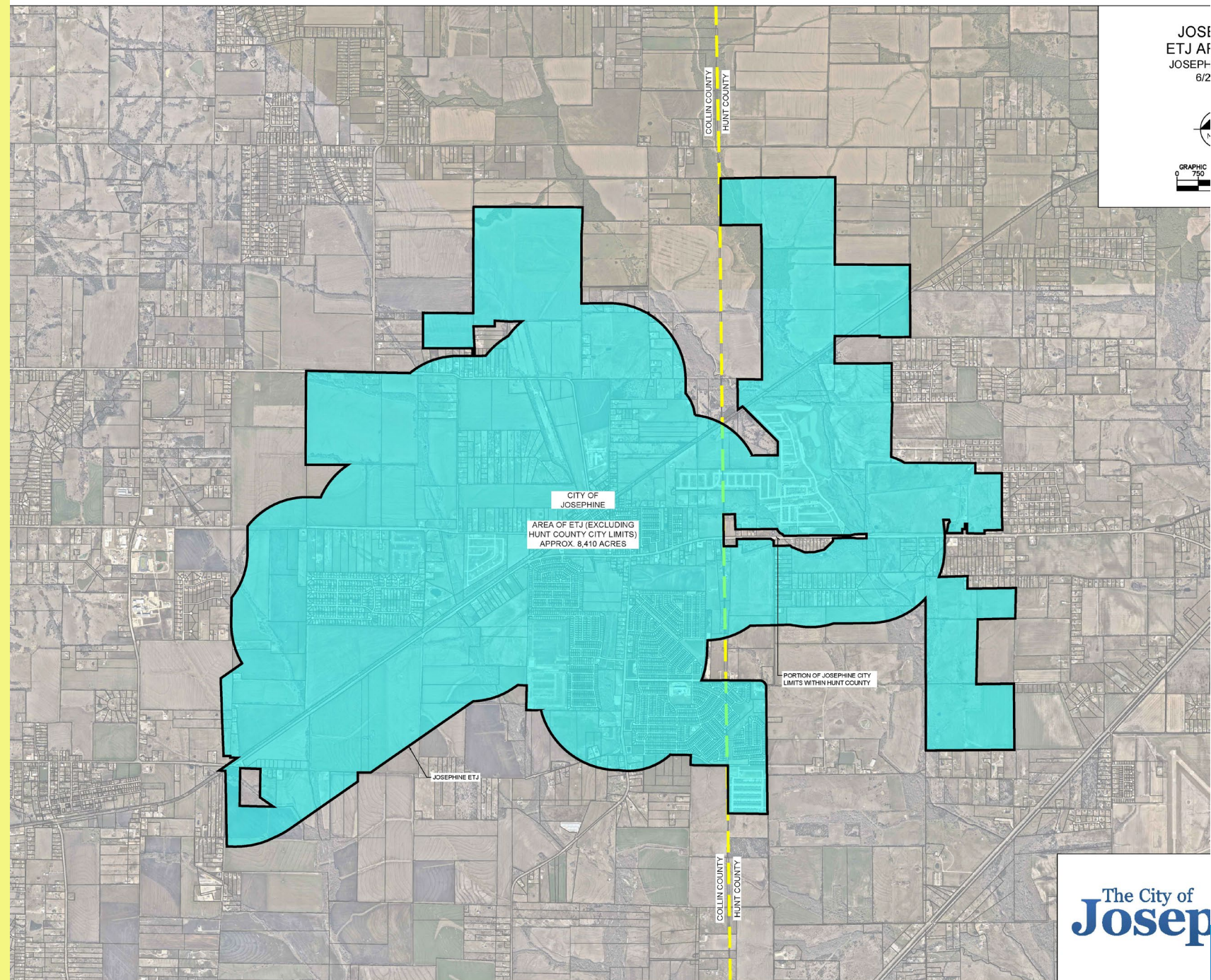
Map shows proposed MDD boundaries including city limits and ETJ (except city limits in Hunt Co.)

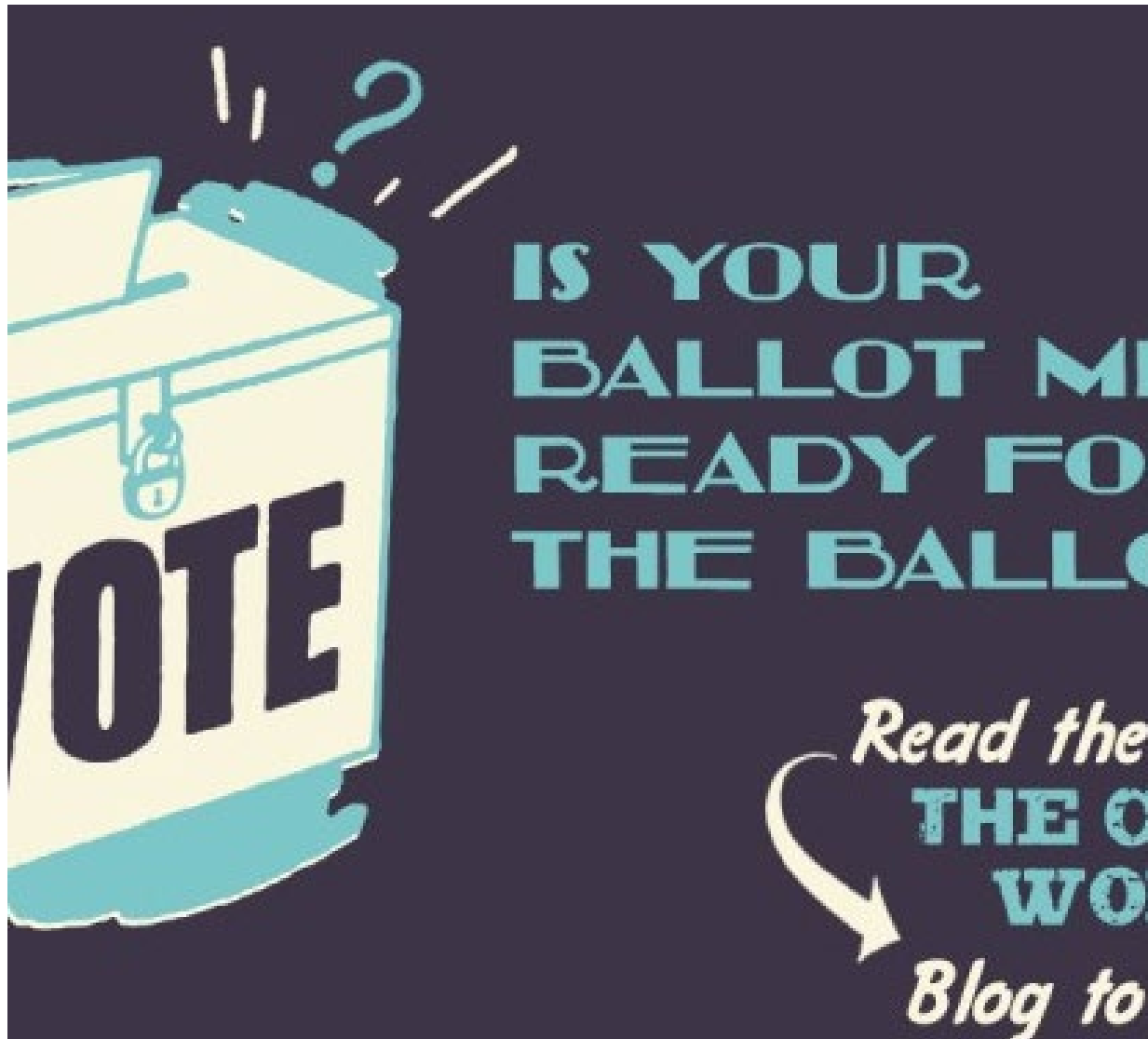
Josephine does not currently collect sales tax in the ETJ.

MDD will collect 0.5% percent sales tax for economic development

Total area 8,410 acres.

Area gained = 6,930 acres or 468%





BALLOT LANGUAGE

The proposed ballot propositions aim to restructure the sales tax landscape in the City of Josephine and Josephine ETJ.

Proposition: Abolish the current one-half of one percent Josephine Community Development Corporation (Type B) sales tax; and the adoption of a local sales and use tax in the City of Josephine, Texas at the rate of one and one-half percent. This would result in no change to the total sales tax rate.

Proposition: Create the Josephine Municipal Development District and the imposition of a sales and use tax at a rate of one-half of one percent to finance development projects within the district.



STILL HAVE QUESTIONS?

Special Election for Economic Development Initiatives

Call Lisa Palomba, City Administrator for additional information 972-694-7281.
Ms. Palomba is available to speak to individuals and HOA groups upon request regarding the Special Election.

City of Josephine and Josephine ETJ residents, please vote in the upcoming Special Election!