



SALES TAX & BOND ELECTION

Forrest City Sales Tax & Improvement Bonds

ELECTION DATE: Tuesday, April 13, 2021

What is being proposed?

Voters in Forrest City have a special election on April 13, 2021 where they will decide a sales tax question and whether to issue bonds to fund a number of infrastructure projects identified by the city.

Forrest City's City Council voted to place a 0.625% sales tax and 11 separate bond issues on the ballot for voters to decide. If approved, the \$17.5 million in bond issues would pay for water, street, lighting, streetscape, sewer and drainage-related improvements, as well as police and fire department projects, library and park and recreational projects. Revenue from the sales tax would be used to pay off the bonds including interest and fees. The 0.625% sales tax would expire when the bond is repaid.

When is the election?

Early voting takes place April 6-9 and April 12 in the Quorum Court room at the St. Francis County Courthouse, located at 313 S. Izard St. in Forrest City. Early voting hours are from 9 a.m. to 4:30 p.m.

The election is April 13, 2021. Voting locations are open from 7:30 a.m. to 7:30 p.m. at Lane Chapel Church in Ward 1, Salem Baptist Church in Ward 2, Forrest City Civic Center in Ward 3, and First United Methodist Church in Ward 4.

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QUICK LOOK: What does your vote mean?

Voters will see 11 separate bond issue questions on their ballot, meaning they are casting 11 separate votes. Note: The proposed sales tax would go into effect if one or more of the bond issues are passed. All bond issues would have to fail to prevent the sales tax from going into effect.

Forrest City Special Election

FOR: A FOR vote on any of the bond issues means you are in favor of a 0.625% sales tax and allowing city officials to issue bond debt for that specific project.

AGAINST: An AGAINST vote on any of the bond issues means you do not want city officials to issue bonds for those projects. An AGAINST vote on all of the bond issues means you do not favor a 0.625% sales tax to pay off the bond debt.

Exercising your voting privilege:

We live in a democratic society where voting is a privilege of citizenship. Democracy works best when informed citizens exercise their voting privilege. **Election Day for this issue is April 13, 2021. Early voting begins April 6, 2021. Please exercise your right to vote on this issue.**

PUBLIC POLICY CENTER

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The following statements are examples of what supporters and opponents have made public either in media statements, campaign literature, on websites or in interviews with Public Policy Center staff. The University of Arkansas System Division of Agriculture does not endorse or validate these statements.

What do supporters say?

- We need improvements in this city.
- A water softener would extend the life of appliances and also act as an economic development tool. It would help with business retention at Boars Head while also setting Forrest City up for future food processing plant recruitment opportunities.
- Widening Deaderick Road from Washington Street to Dawson Road would make the road safer and also open interstate property for much needed development.

What do opponents say?

- Many feel this is not the time for unnecessary expenses to the taxpayers. People are unemployed, cannot pay their utility bills, are being evicted, etc. This is not the financially feasible time for Forrest City citizens to remain taxed as one of the highest cities in Arkansas.
- I believe taxes passed as temporary should remain temporary. This tax will not raise the current amount we pay, but it is preventing our taxes from coming down. That's an increase because they are proposing new spending.
- This spending bill to me is too generalized. I'd like to see them take a step back and later present a more solid, better thought out plan. One that includes construction plans and real data.

People who live in Forrest City and are registered to vote are eligible to vote. Voters can check their status or find out where they are supposed to vote on Election Day by calling the St. Francis County Clerk's Office at 870-261-1725. You can also check your voter registration status online at www.voterview.ar-nova.org.

Why is this issue on the ballot?

A city sales tax and bond issues must be approved by the voters.

What are bonds?

Bonds are certificates of debt used by states, cities, counties or other government entities to finance large projects, such as roads, schools or sewer systems. They require a dedicated revenue stream. Bonds are paid off over a long period of time similar to how a person finances and pays a home mortgage.

What are the city's plans?

At previous city council meetings, Forrest City Mayor Cedric Williams discussed infrastructure needs and projects he said were identified by a focus group as important for the city to address. He proposed the sales tax and bond issue as a way to quickly pay for the identified projects.

The ballot has a description of the projects each bond issue would finance. City officials have publicly named several projects that would be addressed with the funds, and the wording allows city council members flexibility to determine other possible projects. The ballot includes:

Water Improvement Bonds: The city would issue \$6.5 million in bonds to pay for extending the city's water system and to buy and install a water softening system for the city's water system.

Street Improvement Bonds: The city would issue \$4.5 million in bonds in part to widen Deaderick Road and improve the sidewalks, lighting, curbs, and gutters along the road. The mayor said the widening would take place from Washington Street to Dawson Road.

Police Department Bonds: The city would issue \$1.1 million in bonds to pay for facility improvements and equipment. The mayor said the funds would be used to replace an aging car fleet and provide cameras around the city in high crime activity areas.

Fire Department Bonds: The city would issue just over \$1 million in bonds to pay for facility improvements and equipment. The mayor said the funds would be used to buy new fire apparatus, which can include firefighting vehicles and equipment.

Drainage Improvement Bonds: The city would issue \$555,000 in bonds to pay for drainage and flood control improvements, facilities and equipment and any necessary land

or easements for these projects. The mayor said the funds would be used to address projects identified in a citywide drainage study, specifically in Ward 1 and Ward 2 areas.

Street Lighting Improvement Bonds: The city would issue \$340,000 in bonds to pay for new street lighting at interstate exits. The mayor said existing lighting would be replaced with LED lights.

Streetscape Improvement Bonds: The city would issue \$555,000 in bonds to pay for streetscape improvements to the downtown area, such as street, curb, gutter or drainage improvements, land acquisition, street lighting, utility adjustments, sidewalks, traffic signals or other beautification projects. The mayor said there are no current plans to obtain land and that improvements would be made in city easements.

Sewer Improvement Bonds: The city would issue \$1.1 million in bonds to extend or improve the city sewer system. The mayor said some of this work could take place near the bypass. A 2012 master plan would be used as a guide as well as a drainage study showing needs in Ward 1 and 2.

Park and Recreational Improvement Bonds: The city would issue \$1.1 million in bonds to buy and install artificial turf at baseball and softball fields, improvements to other city parks, parking, signage, furnishings, equipment, vehicles, drainage, lighting and utility improvements. The mayor said turf would be installed at one baseball and one softball field. The bond package no longer includes an amphitheater and dog park that were previously discussed at public meetings.

Library Improvement Bonds: The city would issue \$555,000 in bonds to pay for equipment or utility improvements or other improvements at the Forrest City Public Library determined by its board. The mayor said projects include a new roof and fencing, an ADA-accessible ramp, and an outdoor amphitheater for activities.

Animal Control Improvement Bonds: The city would issue \$40,000 in bonds to buy and install a new heating and air conditioner system and any other equipment or utility improvements.

It is estimated that issuing \$17,515,000 in bonds, plus interest and bond fees, will cost approximately \$19.6 million to repay over 14 years based on current sales tax collections.

What is the current sales tax rate in Forrest City?

Forrest City's sales tax rate is 1.875%.

In 2013 voters approved a 1% sales tax to pay for park improvements and to pay for bond debt taken out to build a



new city hall, city pool, early warning system, and other construction projects.

The 2013 sales tax proposal had three separate parts:

- A temporary 0.625% sales tax to pay off the construction bonds, which will expire on July 1, 2021
- A permanent 0.25% sales tax to maintain and operate city parks
- A 0.125% sales tax for economic development. City officials say this part was never collected meaning the city's sales tax rate increased only by 0.875% instead of 1%.

When the existing 0.625% sales tax expires in July, Forrest City's sales tax rate will drop to 1.25%. Of this amount, 1% is dedicated to paying for solid waste and 0.25% is to maintain and operate city parks.

How much money would the sales tax generate?

According to Forrest City officials, the 0.625% sales tax would generate an estimated \$1,325,000 a year. The revenue would be used to pay off the bond debt issued in the 11 categories described above. Once the debt is paid off, the tax would expire.

Who would pay the tax?

The tax would be paid by everyone purchasing goods or services subject to a sales and use tax in Forrest City. This includes most online purchases where goods are delivered to addresses in Forrest City.

How does Forrest City's sales tax compare to neighboring cities?

The local sales and use tax is one option for generating additional revenue for Arkansas cities. Of the cities in 325 Arkansas with local sales and use tax, the average rate is 1.6%. This rate does not include county or state sales tax.

In St. Francis County, there are six cities with a local sales and use tax, the average of which is 1.4%.

For cities along the Interstate 40 corridor from North Little Rock to West Memphis, the average city sales tax is 2.3%.

City Sales Tax Rates Along Interstate 40

City	City Sales Tax Rate
North Little Rock	2%
Lonoke	3%
Carlisle	2.125%
Hazen	3%
Brinkley	3%
Palestine	2%
Forrest City	1.875%*
West Memphis	1.5

Source: Arkansas Department of Finance and Administration, List of cities and counties with local sales and use tax; January-March 2021.

* Forrest City's current rate is 1.875%. In July it will be 1.25%. If voters approve this tax, the rate would be 1.875% in October.

What would happen if any of the bond proposals fail?

The city would not have the money to complete the proposed projects associated with those bonds.

If approved, when would the sales tax begin and end?

If approved by voters, the proposed sales tax on the April 2021 ballot would take effect Oct. 1, 2021. This sales tax would expire when the 2021 bond debt is repaid, which city officials estimate to be around 2035 if all bond issues are approved. The length of time the sales tax is in effect would depend on how many of the bonds are approved and issued.

The following is the official wording for the sales tax and bond issues questions as they will appear on the ballot.

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The bonds described below that are approved may be combined into a single issue or may be issued in series from time to time. If the bonds for one or more of the purposes are approved, there will be levied a 0.625% sales and use tax for the sole purpose of retiring bonds. The net collections of the tax remaining after deduction of administrative charges of the State of Arkansas and required rebates, will be used solely to retire the bonds and obligations of the City with respect thereto. The tax will not go into effect until after the City's existing 0.625% sales and use tax levied in 2013 for the sole purpose of retiring bonds has expired. The rate of taxation will be 0.625% even if bonds for more than one purpose are approved.

WATER IMPROVEMENT BONDS

Bonds of the City of Forrest City in the maximum aggregate principal amount of \$6,550,000 for the purpose of financing all or a portion of the costs of extensions, betterments and improvements to the City's water system, including particularly, without limitation, the acquisition and installation of a water softening system, and, in order to pay the bonds, the levy and pledge of a 0.625% local sales and use tax within the City.

FOR

AGAINST

STREET IMPROVEMENT BONDS

Bonds of the City of Forrest City in the maximum aggregate principal amount of \$4,520,000 for the purpose of financing all or a portion of the costs of new or improvements to existing streets and roads, including particularly, without limitation, the widening of Deadrick Road, and any sidewalks, lighting, utility adjustments and curb, gutter and drainage improvements related thereto and, in order to pay the bonds, the levy and pledge of a 0.625% local sales and use tax within the City.

FOR

AGAINST

POLICE DEPARTMENT IMPROVEMENT BONDS

Bonds of the City of Forrest City in the maximum aggregate principal amount of \$1,110,000 for the purpose of financing all or a portion of the costs of facility improvements and other police facilities, equipment and apparatus for the police department and, in order to pay the bonds, the levy and pledge of a 0.625% local sales and use tax within the City.

- FOR
- AGAINST

FIRE DEPARTMENT IMPROVEMENT BONDS

Bonds of the City of Forrest City in the maximum aggregate principal amount of \$1,070,000 for the purpose of financing all or a portion of the costs of facility improvements and other firefighting facilities, equipment and apparatus for the fire department and, in order to pay the bonds, the levy and pledge of a 0.625% local sales and use tax within the City.

- FOR
- AGAINST

DRAINAGE IMPROVEMENT BONDS

Bonds of the City of Forrest City in the maximum aggregate principal amount of \$555,000 for the purpose of financing all or a portion of the costs of drainage and flood control improvements, facilities and equipment and any necessary land and easement acquisition therefor and, in order to pay the bonds, the levy and pledge of a 0.625% local sales and use tax within the City.

- FOR
- AGAINST

STREET LIGHTING IMPROVEMENT BONDS

Bonds of the City of Forrest City in the maximum aggregate principal amount of \$340,000 for the purpose of financing all or a portion of the costs of new or improvements to existing street lighting, including particularly, without limitation, clover leaf lighting, and any utility improvements therefor, and, in order to pay the bonds, the levy and pledge of a 0.625% local sales and use tax within the City.

- FOR
- AGAINST

STREETSCAPE IMPROVEMENT BONDS

Bonds of the City of Forrest City in the maximum aggregate principal amount of \$555,000 for the purpose of financing all or a portion of the costs of streetscape improvements, including particularly, without limitation, streetscape improvements to the downtown area, including any street, curb, gutter and drainage improvements, land acquisition, street lighting, utility adjustments, sidewalks, traffic signals and related beautification improvements, and, in order to pay the bonds, the levy and pledge of a 0.625% local sales and use tax within the City.

- FOR
- AGAINST

SEWER IMPROVEMENT BONDS

Bonds of the City of Forrest City in the maximum aggregate principal amount of \$1,110,000 for the purpose of financing all or a portion of the costs of extensions, betterments and improvements to the City's sewer system and, in order to pay the bonds, the levy and pledge of a 0.625% local sales and use tax within the City.

FOR

AGAINST

PARK AND RECREATIONAL IMPROVEMENT BONDS

Bonds of the City of Forrest City in the maximum aggregate principal amount of \$1,110,000 for the purpose of financing all or a portion of the costs of park and recreational facilities and improvements, including particularly, without limitation, the acquisition and installation of artificial turf for the baseball and softball fields and improvements to other existing City parks and park facilities, and parking, signage, furnishings, equipment, vehicles, drainage, lighting and utility improvements therefor and, in order to pay the bonds, the levy and pledge of a 0.625% local sales and use tax within the City.

FOR

AGAINST

LIBRARY IMPROVEMENT BONDS

Bonds of the City of Forrest City issued in the maximum aggregate principal amount of \$555,000 for the purpose of financing all or a portion of the costs of improvements to the Forrest City Public Library, including any necessary equipment and utility adjustments therefor, and, in order to pay the bonds, the levy and pledge of a 0.625% local sales and use tax within the City.

FOR

AGAINST

ANIMAL CONTROL IMPROVEMENT BONDS

Bonds of the City of Forrest City issued in the maximum aggregate principal amount of \$40,000 for the purpose of financing all or a portion of the costs of improvements to the Forrest City Animal Shelter, including particularly, without limitation, the acquisition and installation of a new HVAC system, and any necessary equipment and utility adjustments therefor and, in order to pay the bonds, the levy and pledge of a 0.625% local sales and use tax within the City.

FOR

AGAINST

Conflict of interest: This fact sheet was prepared to provide the citizens of Forrest City with information to help them in making an informed choice on Election Day. An effort has been made to ensure the information is presented in a fair and balanced way that best represents the facts associated with this ballot issue. As part of this effort, we are obligated to divulge potential conflict of interest and to recognize their influence on the educational programs and matter we produce. The University of Arkansas System Division of Agriculture and St. Francis County Cooperative Extension Service are partially funded by state and county general funds. As such, any laws affecting revenues of the state or county has the potential to affect the St. Francis County Extension Office.