



SALES TAX ELECTION

Hempstead County Sales Tax Election

ELECTION DATE: Tuesday, March 3, 2020

What is being proposed?

Voters in Hempstead County have a local ballot issue to decide March 3, 2020 when they go to the polls for the Arkansas Preferential Primary Election, often referred to as the Primary Election. The Hempstead County Quorum Court voted to place on the ballot for voters to decide a:

- Proposal for a new temporary 1% sales and use tax.

When is the election?

The election is Tuesday, March 3, 2020. Early voting starts Feb. 18, 2020.

Hempstead County voters can check their voter status or find out where they're supposed to vote on Election Day by calling the Hempstead County Clerk's Office at 870-777-2241. You can also check your voter registration status online at www.voterview.ar-nova.org.

Why is this issue on the ballot?

A county sales tax must be approved by the voters.

Who can vote in this election?

People who live in Hempstead County and are registered to vote are able to vote in this special election.

What are the county's plans?

County officials are asking voters to approve a temporary 1% sales tax that would expire after two years.

The ballot title states that the funds raised would go into the county's general fund. County officials have publicly shared more specific plans saying that if approved, the sales tax revenue would be used

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

What do supporters say?

- The current courthouse is at the point it can be condemned. At some point this building can not be occupied. County officials are concerned about medical issues employees may face from staying in the building related to asbestos, mold and mildew.
- The county can't use sales tax revenue approved by voters for Hempstead Hall for renovations to the new county courthouse.

What do opponents say?

- The courthouse we have is completely functional and serves us well. New and modern is nice, but we are taxed to death already.
- Instead of getting another tax, use the one for the Hempstead Hall that hasn't stopped.

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to renovate a former bank building the county purchased in 2017 to become the new Hempstead County Courthouse.

County officials anticipate approving an ordinance before the election detailing their plans to use the sales tax funds on converting the bank building into a new courthouse. They estimate renovations to the bank building would cost at least \$3 million based on project bids from several years ago.

Sales tax revenue would also be used to furnish the building, officials said, and to create a maintenance fund for the new courthouse.

The former bank building at 200 E. 3rd St. is already owned by the county but would need to be renovated to create courtrooms and office spaces. Once renovations are finished, the existing courthouse would close and offices would move to the new space.

Offices that would locate in the bank building include: County Judge, County Clerk, Assessor, Collector, Circuit Clerk, Treasurer, Election Commission, Veteran's Office, 911 Office, Office of Emergency Management, Juvenile Officer, Public Defender, District Clerk, District Judge, Circuit Judges, Prosecuting Attorney, Coroner, Office



The existing Hempstead County Courthouse is located at the northwest corner of 5th and Washington Streets in Hope. The five-story masonry structure was built in 1939.

for Security/Sheriff/Collector, and maintenance. Space also would be used for election equipment storage¹.

What is the county general fund mentioned in the ballot title?

The county general fund is used to pay for every day expenses that don't have dedicated revenue streams to support them. The general fund contains the majority of the county's share of property taxes, sales taxes and other money collected by the county that isn't earmarked for a specific purpose by state law.

The general fund is used to pay for most of county government's everyday operating expenses, such as employee salaries, utility bills, materials and maintenance. The fund does not include sales or property tax collected specifically for roads, the library, jail, or solid waste expenses.

For 2020, Hempstead County's general fund is budgeted at \$3.9 million.

How much revenue would the proposed sales taxes generate?

A 1% sales tax would generate an estimated \$2.88 million a year, according to the Hempstead County Treasurer, for a total of \$5.76 million over two years.

What other funds does the county have for courthouse renovations?

The county currently has \$1.38 million set aside in a Capital Improvement/Courthouse Fund created several years ago. The money is left over from an expired sales tax to pay off construction debt for Hempstead Hall. County officials said these funds would be used in addition to proceeds from the new sales tax to pay for renovations to the new courthouse.

QUICK LOOK: What does your vote mean?

1% County-Wide Sales and Use Tax:

FOR: A FOR vote on the 1% county-wide sales and use tax measure means you are in favor of temporarily increasing the Hempstead County sales tax rate by 1%.

AGAINST: An AGAINST vote on the 1% county-wide sales and use tax measure means you are not in favor of temporarily increasing the Hempstead County sales tax rate by 1%.

When would the sales tax begin? When would it expire?

If approved by voters, the new sales tax would start July 1, 2020 and expire 24 months later on June 30, 2022.

Who would pay the additional taxes?

The taxes would be paid by everyone purchasing goods or services subject to a sales and use tax in the county, including its cities.

How is the county's existing 2% sales tax used?

Over time, voters in Hempstead County have approved various sales taxes totaling 2% for specific purposes. None of the sales tax revenue goes into the county's general fund, and by law can't be used for other purposes.

The existing rate includes:

- 1% for county-wide residential curbside trash pick-up
- .5% for operating and maintaining the county jail
- .25% to support the University of Arkansas Community College at Hope (Approved by voters in 1994, this sales tax is in place of a property tax many communities levy for community colleges).
- .25% for operating and maintaining Hempstead Hall, a performing arts and conference center on the University of Arkansas Community College at Hope campus built in 2012.

When was the last time Hempstead County voters increased the sales tax rate?

In 2008, Hempstead County voters approved a \$11.6 million bond issue and a temporary ¾%, or .75%, sales tax to pay for construction of Hempstead Hall. This tax expired in 2016.

Voters in 2008 also approved a second permanent ¼% or .25% sales tax that could be used for bond debt and for maintaining and operating Hempstead Hall in the future.

Why doesn't the county just use the sales tax funds for Hempstead Hall to renovate the courthouse?

The .25% sales tax voters approved in 2008 for Hempstead Hall maintenance and operations can not be redirected to the courthouse because the 2008 vote dedicated the funds to the building on the college campus.

How does Hempstead County's sales tax compare to neighboring counties?

If voters approve the ballot measure, Hempstead County's county-wide sales tax rate would increase from 2% to 3% in

July 2020. When the tax expires in June 2022, the sales tax rate would decrease back to 2%.

Other counties in Arkansas have county-wide sales tax rates ranging from 0% in Monroe County to 3.25% in Cleveland County. The median sales tax rate of Arkansas' 75 counties is 1.75 percent. Nearby counties have the following sales tax rates:

County	Current County Sales Tax Rate
Hempstead	2% (3% *)
Howard	2.75%
Lafayette	2.25%
Little River	2.875%
Miller	1.25% (1.75 %*)
Nevada	2%
Pike	2%
Sevier	2.125%

*Rate if proposed sales tax is approved.

Source: Arkansas Department of Finance and Administration, List of cities and counties with local sales and use tax; January-March 2020

What would happen to the existing Hempstead County Courthouse under the county's relocation plan?

The Quorum Court and county judge have not decided what would happen to the existing courthouse, built in 1939, but said they did not plan on moving anyone into the space once county offices left. It's possible that some of the sales tax revenue would be used to remove mold and asbestos at the existing courthouse, county officials said. Tearing down the 81-year-old five-story building is a possibility, but county officials said that would be a last resort.

What would happen if the tax fails?

County officials said they would be unable to renovate and move into the former bank building Hempstead County purchased for \$1.5 million in 2017.



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 Tuesday, March 3, 2020. Early voting begins Feb. 18, 2020. Please exercise your right to vote on this issue.**

The following is the official wording for the sales tax question as it will appear on the ballot.

1% COUNTY-WIDE SALES AND USE TAX

Adoption of a 1% local sales and use tax within Hempstead County for a period of two (2) years, the net collections of which remaining after deduction of the administrative charges of the State of Arkansas and required rebates, will be distributed only to the County and used to fund general purposes of County government. If approved, the levy of the tax will expire on June 30, 2022.

FOR

AGAINST

Conflict of interest: This fact sheet was prepared to provide the citizens of Hempstead County 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 conflicts of interest and to recognize their influence on the educational programs and matter we produce. The University of Arkansas System Division of Agriculture and Hempstead 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 Hempstead County Extension Office.

Additionally, the Hempstead County Extension Office is located inside the existing County Courthouse. The office's location will be impacted by this ballot measure regardless of the outcome. County officials do not currently plan on moving the Extension Office into the new courthouse location, and will have to decide where to locate it.

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