



SALES TAX ELECTION

Hempstead County 0.25% Economic Development Sales Tax Election

ELECTION DATE: Tuesday, November 8, 2022

What is being proposed?

Voters in Hempstead County will see a countywide sales tax proposal on their November 8, 2022 General Election ballot. The Hempstead County Quorum Court is seeking voter approval for a 0.25% sales tax for economic development purposes.

When is the election?

The election is Tuesday, November 8, 2022. Early voting starts October 24, 2022.

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.

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QUICK LOOK: What does your vote mean?

0.25% County-Wide Economic Development Sales and Use Tax:

FOR: A FOR vote on the 0.25% county-wide sales and use tax measure means you are in favor of permanently increasing the Hempstead County sales tax rate by 0.25% and using the revenue for economic development purposes.

AGAINST: An AGAINST vote on the 0.25% county-wide sales and use tax measure means you are not in favor of permanently increasing the Hempstead County sales tax rate for economic development purposes.

Exercise 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, Nov. 8, 2022. Early voting begins Oct. 24, 2022. Please exercise your right to vote on this issue.**

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?

- New tax revenue for economic development in Hempstead County is the foundation for stimulating growth. Economic growth brings prosperity to the whole county.
- Hempstead County has attracted the interest of several outside businesses. Without resources to improve infrastructure Hempstead County will lose competitiveness to be able to secure new enterprises or expand existing businesses.
- We need this tax to stay competitive in Economic Development with other forward thinking communities in Arkansas and surrounding states

What do opponents say?

- Per state statute, the scope of what this tax revenue can be used for is far too broad without a specific use plan from either the Quorum Court or the HEDC.
- There is no statement as to how this tax will benefit the tax payer.
- Neither the Quorum Court nor the HEDC has identified projects that were attempted but lost or not attempted and how this tax would address the deficiencies identified by these projects losses.

What are the county's plans?

County officials are asking voters to approve a 0.25% sales tax for economic development purposes. If approved, the county-wide sales tax rate would be 2.25%.

According to the ballot title and the ordinance Quorum Court members approved calling for the election, revenues from the proposed 0.25% tax would be “for the sole use and benefit of a public corporation for economic development to be formed under Arkansas statutes to fund economic development projects and services.”

A public corporation for economic development already exists in Hempstead County - The Hempstead Economic Development Corporation (HEDC). The county currently pays HEDC \$40,000 a year for economic development assistance.

County officials have publicly shared more specific plans saying that if approved, the revenue from the 0.25% sales tax would be committed to the Hempstead Economic Development Corporation. The president of the corporation has said there are no specific projects earmarked for the funding, but they would use the state's definition of economic development for projects and services. This would involve using the revenue for infrastructure improvements, job training, and business incentives for eligible economic development projects.

How is “economic development” defined? How could tax revenues be spent?

The county's election ordinance does not define economic development, however the state law authorizing the ability to levy the tax does explain what is considered an economic development project or service.

Arkansas Code 14-174-105 says these sales taxes approved by voters can be used for land, buildings, furnishings, equipment, infrastructure and improvements needed to develop, retain, or expand manufacturing, industrial, research, recycling, warehouse, job training, and corporate headquarter facilities, along with call centers and distribution centers. Sports complexes are also included.



The state law defines economic development services as the planning, marketing, strategic advice and counseling regarding job recruitment, development, retention and expansion. The term also includes operating industrial parks and negotiating contracts for sale or lease.

Taxes under this law could also be used to build or demolish water or sewer systems, streets and roads, bridges, drainage, or other public facilities. Communities can also use the tax to establish and operate local economic development programs, or to obtain money for a corporation, association, institution or individual to finance an economic development project or provide economic development services.

Another state law that guides public corporations created by counties – Arkansas Code 14-175-112 – says economic development taxes can be used to pay the administrative and job training costs of the corporation, costs incurred in connection with a project, as well as promotional costs.

How much revenue would the proposed sales taxes generate?

A 0.25% sales tax would generate an estimated \$750,000 to \$800,000 a year, according to the Hempstead County Treasurer.

When would the sales tax begin? Does it expire?

If approved by voters, the new sales tax rate would take effect April 1, 2023, according to the Department of Finance and Administration. The sales tax would not expire.

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 and roads
- .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 2020, Hempstead County voters approved a temporary 1% sales tax to pay for renovations to a former bank building that is now the Hempstead County Courthouse. This tax expired in 2022, and the county’s sales tax rate decreased from 3% to 2%.

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 2.25% in April 2023.

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 1.6%. Nearby counties have the following sales tax rates:

County	Current County Sales Tax Rate
Hempstead	2% (2.25%)*
Howard	2.75%
Lafayette	2.25%
Little River	2.875%
Miller	1.25%
Nevada	2%
Pike	2%
Sevier	3.125%

*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; July-September 2022.

What would happen if the tax fails?

The county’s sales tax rate would not change.

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

**0.25% COUNTY-WIDE SALES AND USE TAX
FOR ECONOMIC DEVELOPMENT PURPOSES**

Adoption of a 0.25% local sales and use tax within Hempstead County (the “County”), 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 not to the municipalities therein. Net collections of the 0.25% sales and use tax shall be expended by the County for the sole use and benefit of a public corporation for economic development to be formed under Arkansas statutes to fund economic development projects and services.

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.

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