

City Council Agenda Item Memo

From: Paul Briseno, City Manager

Council Meeting: September 17, 2024

Subject: IM 28; Prohibiting Taxes on Anything Sold for Human Consumption

Presenter: Nathan Sanderson, Sara Rankin, Tim Reed, Stephanie Mason, and Rick Weiland

Summary and Recommended Action

The City Council requested a Study Session to inform the public of Initiated Measure 28 (IM 28). This November 5th ballot measure prohibits taxes on anything sold for human consumption. There is no recommended action for this item.

Item Details:

IM 28 is a measure impacting taxes on consumables. Before the November 5th Election, the City Council requested a special Study Session to inform the public about this matter.

Specific presenters include:

- Rick Wieland, Sponsor of IM 28
- Nathan Sanderson, Executive Director for the South Dakota Retailers Association
- Sara Rankin, Executive Director for the South Dakota Municipal League
- Tim Reed, District 7 Senator
- Stephanie Mason, Vice President of Economic Development & Operations Director

There are varying opinions on the fiscal impact on the state and City of Brookings based on the passage of IM 28. This discussion seeks to clarify the intention of the measure and possible outcomes.

The City of Brookings largest source of income is sales tax. Sales tax is approximately 47% of the General Fund revenue and 74% of the Capital Improvement Plan revenue. The South Dakota League of Municipalities identified the potential impact on the City of Brookings at \$1.6 million.

Legal Consideration:

None.

Strategic Plan Consideration:

- Fiscal Responsibility – The City of Brookings will responsibly manage resources through transparency, efficiency, equity, and exceptional customer service.
- Sustainability – The City of Brookings will meet environmental, community and economic desires and needs without compromising future generations' quality of life by strategically planning, implementing and maintaining infrastructure and facilities.
- Economic Growth – The City of Brookings will support effective diversified community investment and equitable opportunities for prosperity.

Financial Consideration:

The South Dakota League of Municipalities identified the potential impact to the City of Brookings at \$1.6 million.

Supporting Documentation:

Rick Weiland – Informational Documents

Nathan Sanderson's – IM 28 Opposition Document

Sara Rankin – Informational Document and Resolution of Opposition