

## 1-17-18 County Judge's Article

### SALES TAX ISSUE

An article that appeared in last week's Rockdale Reporter indicated that the Rockdale City Council voted to ask Commissioner's Court to call for a county wide election to resend the half cent sales tax the county has been collecting for some 30 years so that the city of Rockdale can increase their sales tax from one cent to one and a half cents.

Apparently a good idea for the city of Rockdale but a really bad idea for the county, particularly at the present time when we're about to lose an additional \$1.5 to \$2 million in ad valorem tax revenue due to the closing of the Luminant plants.

The county received just under one million in sales tax revenue this past year from the half cent sales tax, so if we were to lose this in addition to the loss from the Luminant closure, the county would really be in trouble come 2019. This would be a total loss of up to \$3 million or some 20% of our total revenue.

The county is restricted by the state of Texas in the amount of ad valorem taxes that we can levy, 80 cents per \$100 of valuation being the maximum allowable rate that a county can charge. On the other hand, cities and schools are not limited. The problem that the county has is that we are already at 70 cents, and as I said in last week's article, going to the maximum allowable rate of 80 cents would only raise about another \$1.5 million additional.

So at this point this \$1 million in revenue from the half cent sales tax is very important to the county's ability to sustain its services, at least until we experience some significant economic growth and see some recovery in our tax base and subsequently in our ability to raise more ad valorem tax revenue.

Unlike the cities and schools, ad valorem taxes unfortunately are the county's primary source of revenue and at this point in time because of our deteriorated tax base, Milam County has been forced to the point of maxing out our ability to raise revenue via this source. Back when the county wide half cent sales tax was voted in, this was not the case. This was when Alcoa was in operation and the county ad valorem tax rate was low. Then it could be said that the sales tax was a substitute for higher property taxes. But unfortunately at the current time the county is dependent on the half cent sales tax in addition to the ad valorem taxes we collect. The only other source of revenue available to the county is a limited amount of revenue from fines and fees, and currently we are housing inmates from outside the county in an effort to enhance our revenue stream.

So it should be obvious that we will turn down Rockdale's request to call for an election to resend the county's half cent portion of the state sales tax.