



RESTAURANT TOURISM TAX "A Penny for Your Parks" Q & A

- **What is it and who pays it?** The City receives a 1% restaurant tourism tax originated by House Bill 1462 in 2011 (not to be confused with the 1% hotel/motel tourism tax originated by House Bill 1618 in 1993). The restaurant tourism tax is 1% of the gross sales in restaurants within the city limits, paid by any person, whether you live in Southaven or outside of the City. That means one penny for every dollar, or in example, for a \$25 check, you pay 25 cents (a quarter).
- **Did the citizens of Southaven approve this tax with a legitimate referendum?** The citizens of Southaven voted in favor of this tax twice. The first referendum was held on October 5, 2010, but a second was required by the State Legislature because they mandated their approval of the referendum in advance. The second referendum was also approved by the U.S. Department of Justice regarding all procedures including the availability of two voting locations in different parts of the City and proper advertisement. The second referendum, which occurred on October 4, 2011, mandated a 60% majority and was approved with a 74.3% majority.
- **Since the citizens of Southaven approved this tax, why are we still discussing it?** House Bill 1462 became law in 2011 with a "repeal date" for 2014 requiring legislation to extend its continuance. Senate Bill 2925 extended the tax in 2014 with a repeal date for 2017.
- **Is this Southaven tax unusual for the state of Mississippi?** No, there are 48 tourism taxes for Mississippi cities with no repeal date and 15 others with a repeal date in 2017.
- **Can the City spend the revenue generated by the tax on any expenditure that they choose?** No, state law mandates that this money may only be used for parks and recreation or tourism.
- **Why is tourism important for a city, county, or state?** Tourism produces jobs, but its most significant importance is that it brings revenue largely generated by visitors which reduces the tax burden for residents. For Mississippi in 2014, travel and tourism produced \$449 million in state tax revenues and \$177 million for counties and cities. Specifically for Southaven, both tourism and the restaurant tourism tax generate significant revenue paid by visitors to our city, ultimately reducing the tax burden for our citizens. We know that our restaurants and the City, in general, are benefiting from tourism due to the fact that the revenue generated by the tourism taxes has increased from \$959,488 in its first full year of collections in 2013 to \$1,882,976 in 2016.

- Have Southaven's parks been effective as a tourism draw?** Snowden Grove and Greenbrook Parks have become the epitome of tourism attracting visitors from all over the Southeast, and even nationwide. In 2016, a baseball team traveled to our city from the state of Hawaii. In 2015, one of our concerts at the BankPlus Amphitheater produced ticket sales in 44 states. In addition to the tourism draws from concerts and the Mississippi BBQ Cooking Contest held at Springfest, the economic impact from the Dizzy Dean World Series and other competitive baseball/softball tournaments alone is estimated at \$25 million annually.
- Why are parks important for economic development?** Individuals and businesses want to locate in areas with recreational opportunities. Parks improve the quality of life of citizens and improve the economic attractiveness of cities. Specifically for Southaven, Snowden Grove Park has become an economic driver for our city by increasing the demand for residential and commercial development in the surrounding business district. Acknowledging its current and future impact, the Mississippi Municipal League named Snowden Grove Park the "Economic Development of the Year" for Mississippi in 1999. Since its inception, more than 700 jobs have been created for seasonal employees at Snowden Grove alone. Many young people get their first job at Snowden Grove or Greenbrook Parks.
- If Southaven's parks have been so successful, why is there a need for future funding?** Other states competing with Mississippi have taken note of our success. Future funding is needed to remain competitive. In 2014, the Dizzy Dean Board of Directors seriously considered moving the World Series from Southaven to Georgia. A commitment to the baseball improvements completed at Snowden Grove in 2016 secured a 10-year contract extension. The City also needs to diversify our parks system by adding new facilities that appeal to more of our citizens' interests.
- Why is the tourism tax needed to fund future park enhancements and expansion?** Although the City generates about \$2 million non-tax revenue annually for parks with tournament entry fees, advertising, facility rentals, concessions, gift shop sales, and golf course sales, this money is used for annual operating expenses in a \$4.7 million general fund parks budget and needed to maintain our current system. Parks are not intended to make a profit, but instead to enhance the quality of life of our citizens and improve the economic attractiveness of our city, which ultimately improves tourism and sales tax revenues. To accomplish this, you must first have the facilities. The tourism taxes produced \$1,882,976 (85% restaurant, 15% hotel) in FY 2016 and are essential for Southaven to continue to enhance the quality of life of our citizens with our parks and use it as the economic driver it has become. Without the infusion of these largely out-of-state tourism tax dollars, we would not have these facilities or would be required to move the tax burden to our municipal property taxpayers. To replace this revenue, it would require 3.72 mills (\$506,720 per mill) of additional property taxes (\$49 per property taxpayer for our median home). This revenue stream allows 72% of our general fund to remain committed to public safety and infrastructure.
- Why are parks beneficial to all citizens regardless of where you live or if you personally use them?** Parks and recreation (similar to quality schools) improve the quality of life of our citizens and improve the economic attractiveness of our city. The resulting economic development benefits the entire city by providing revenues that reduce the property tax burden for all of our citizens. Therefore, whether or not you use parks, you benefit financially by stable property tax rates.

- **Why are so many of the tax dollars spent for projects at Snowden Grove Park?** This is simple economics in that supply follows demand. The largest tourism attraction with our parks is Snowden Grove Park. The overwhelming majority (approximately 85%) of non-tax revenues are generated by Snowden Grove which helps subsidize all of the other parks, including neighborhood parks throughout our city. Specifically, these revenues are incorporated into our general fund parks budget which funds all maintenance of existing parks and recreational events. Again, the success of Snowden Grove benefits the entire city.
- **Why are pedestrian-friendly improvements not funded by the tourism taxes?** Most of these qualify as alternative transportation projects that qualify for funding through federal and state transportation programs. The City has the following pending projects in process:
 - ◇ Multi-Use Trail connecting Central and Snowden Grove Parks, 2017
 - ◇ Main Street Pedestrian Project adding sidewalks from Hwy 51 to Northwest Drive, 2017
 - ◇ Carriage Hills Pedestrian Project adding sidewalks connecting schools, 2017
 - ◇ Snowden Grove Pedestrian Project adding sidewalks throughout park, 2019
- **Why has the construction of parks projects been so slow?** The three-year repeal date on the restaurant tourism tax prevents the City from using the revenue stream to finance and service a long-term bond, which would allow multiple projects to be constructed at once. Without guaranteed future revenue, the City has started construction and completed only those projects that may be completely funded by the amount of revenue generated before repeal dates.
- **What has the City done with the money generated by the tourism taxes since 2012?** The City began receiving the tax revenue in February, 2012, so FY 2014, which began October 1, 2013, was the first year when significant accumulations were available for projects. The City pays Dizzy Dean \$150,000 annually from these funds per contract to host the World Series. The remaining funds were used to complete the following projects that are debt-free:
 - ◇ Greenbrook Softball Gift Shop and Cooking Pavilion, \$178,000, 2014
 - ◇ New Scoreboards for Snowden Grove, Greenbrook, and Cherry Valley, \$66,000, 2014
 - ◇ BankPlus Amphitheater Stage Enclosure, \$718,517, 2015
 - ◇ Pine Tar Alley Road Extension at Snowden Grove, \$590,644, 2015
 - ◇ Senior Center at Snowden Grove, \$2,149,989, 2016
 - ◇ Snowden Grove Mini-Stadiums and Bathroom/Concession Additions, \$1,927,477, 2016
 - ◇ Tennis Expansion (8 New Courts with Pavilion and Bathrooms), \$1,674,000, Pending
- **What future parks enhancement and expansion projects are planned contingent upon tourism tax funding?**
 - ◇ Greenbrook Softball Indoor Training Facility
 - ◇ Soccer Fields (7) at Snowden Grove
 - ◇ Springfest Area Pavement/BankPlus Amphitheater Parking Lot
 - ◇ BankPlus Amphitheater Seating Expansion
 - ◇ Adult Softball/Practice Fields

In conclusion, the restaurant tourism tax is good for Southaven. Please join the City of Southaven's administration in asking our legislators to extend the restaurant tourism tax because we do not want to shift a tax burden paid largely by out-of-state visitors to our own taxpayers.