

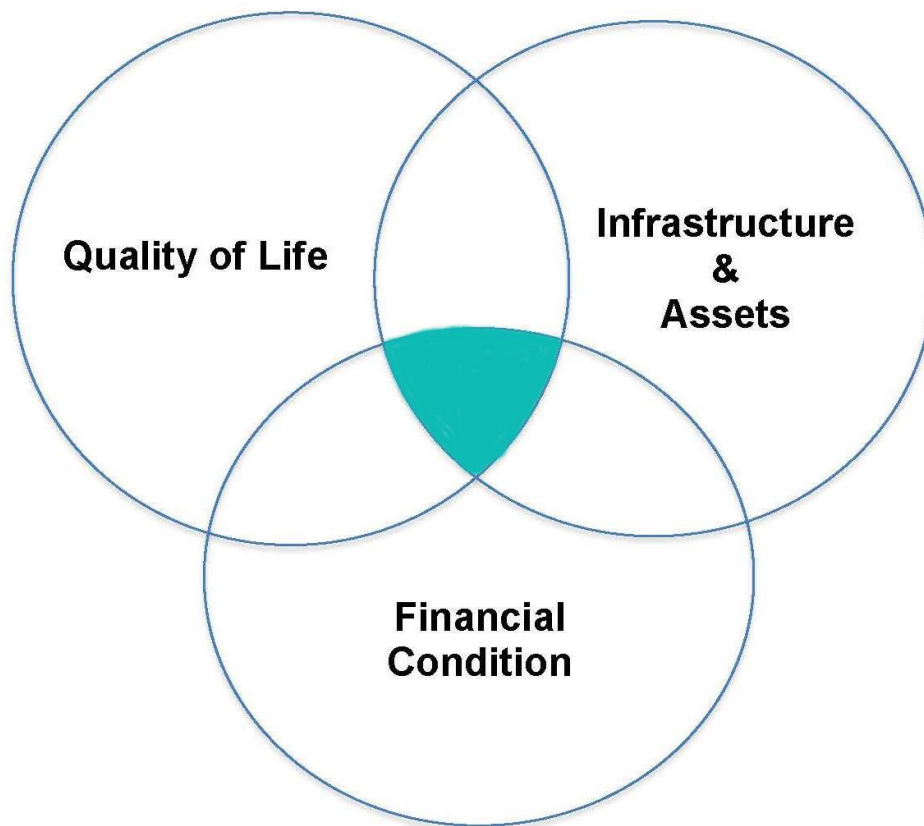
Public Information Meeting

TAX CREDIT REDUCTION

April 26, 2016

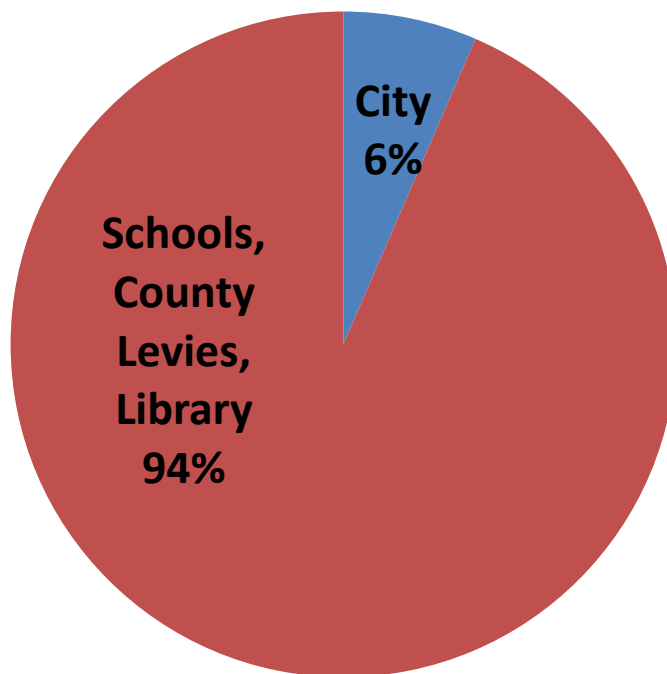


What is our Goal? A Healthy Community



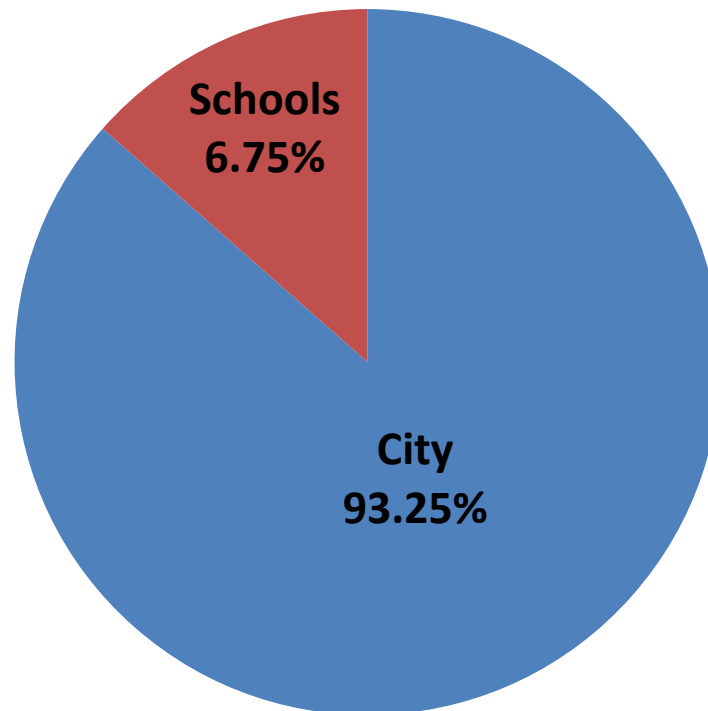
Understanding Our Main Revenue Sources

Property Tax



Understanding Our Main Revenue Sources

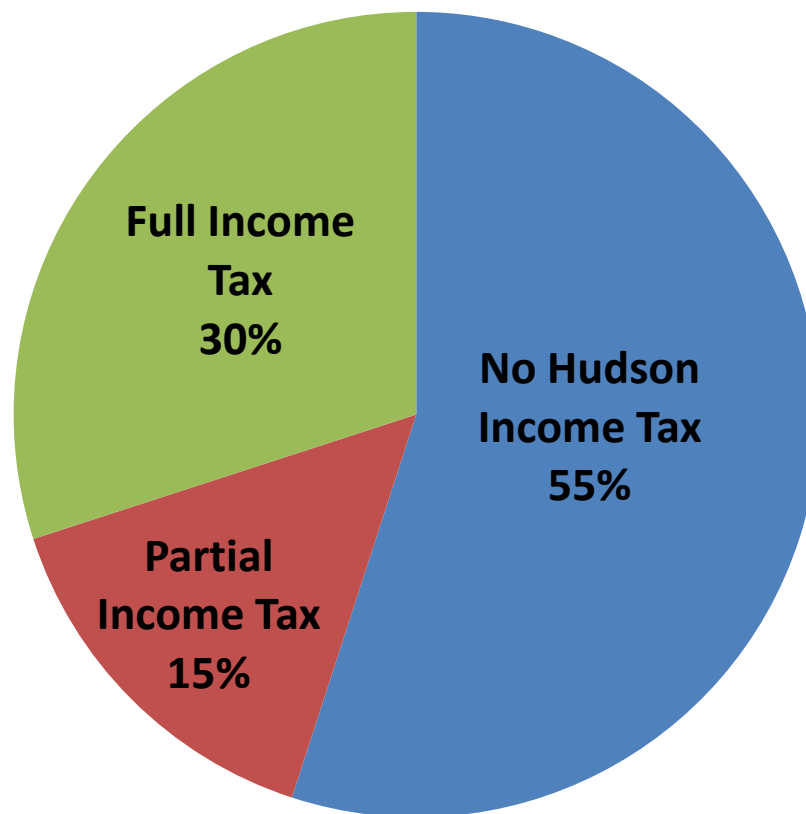
Income Tax



Current Tax Structure

- Pay income tax where you work and live
- Hudson tax rate is 2%
- Hudson gives 100% credit up to 2% rate to residents who work outside city
- If you work outside Hudson in city with 2% or larger tax rate, you pay no income tax to Hudson

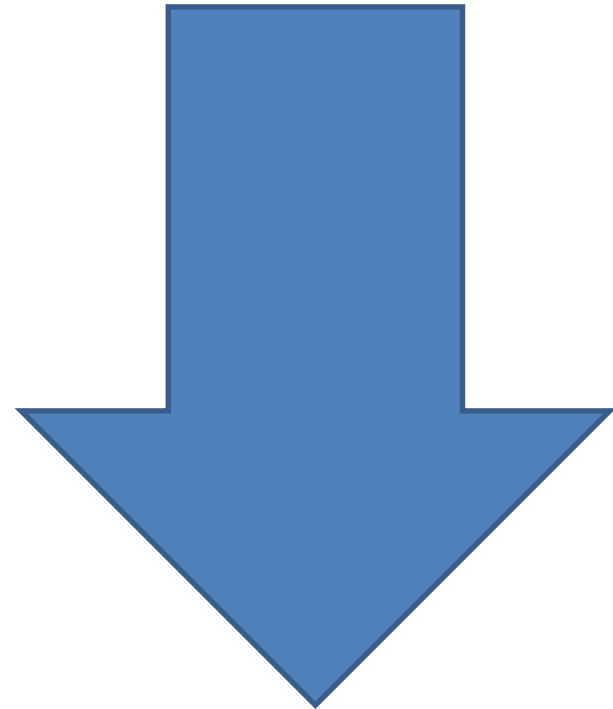
Who Pays Income Tax to Hudson?



Where are We Now?

- State funding cuts
 - Local government fund
 - Estate tax
- \$1.8 million / yr. decrease
- 10% of general fund

\$1.8 million / yr.



How Have We Resolved Lost Revenue?

- Absorbed the funding cuts:
 - Transferred sanitary sewer system
 - Refinanced outstanding debt to take advantage of low interest rates
 - Controlled personnel costs through reorganization
 - Eliminated & revaluated software
 - LEAN training to look for efficiencies
- Can maintain current service levels
- Overcame challenge without raising taxes

Challenge

- Public wants more infrastructure improvements, sooner than current funding will provide
 - Heard from public through:
 - Comprehensive Plan focus groups
 - Ward forums / public meetings
 - Work requests
 - Citizen surveys

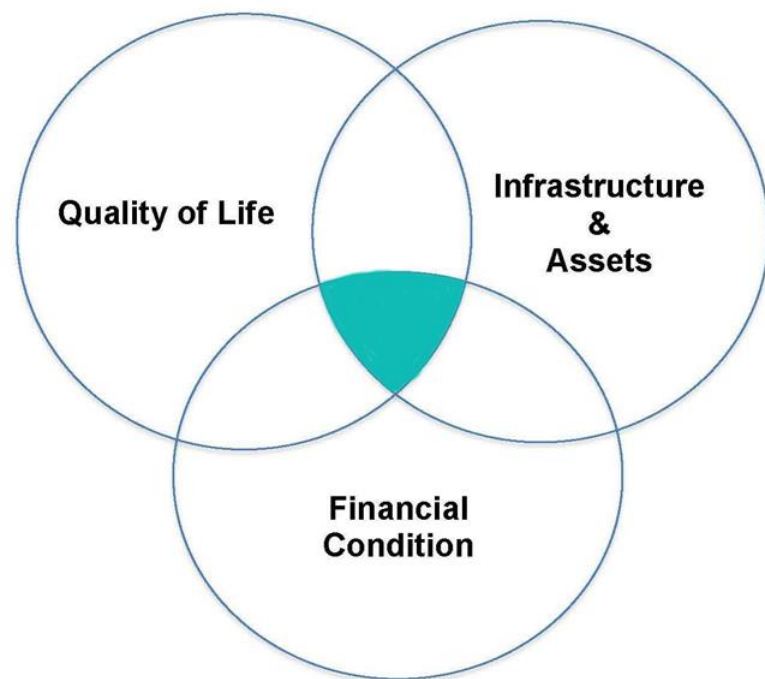
Infrastructure Needs Identified by Citizens

- Connectivity
- Roads
- Utilities




Infrastructure & Assets

- Maintain
- Invest / improve
- Roads:
 - 20 yr. replacement cycle
 - Cost: \$2.5 million
 - Ability to pay: \$1.25 million
 - Funding gap: \$1.25 million



Where Do We Start?

- 
- Increase revenue
 - Upgrade/expand infrastructure
 - Increase quality of life

What is a Tax Credit Reduction?

- Reduction in amount of credit given for taxes paid to another workplace city
- Proposing credit reduction from 100% to 75%.
- Will not impact those who live **AND** work in Hudson **OR** retirees who do not pay city income tax
- Example:
 - \$100,000 income for workplace city with 2% rate
 - \$2,000 to workplace city
 - \$500 to Hudson

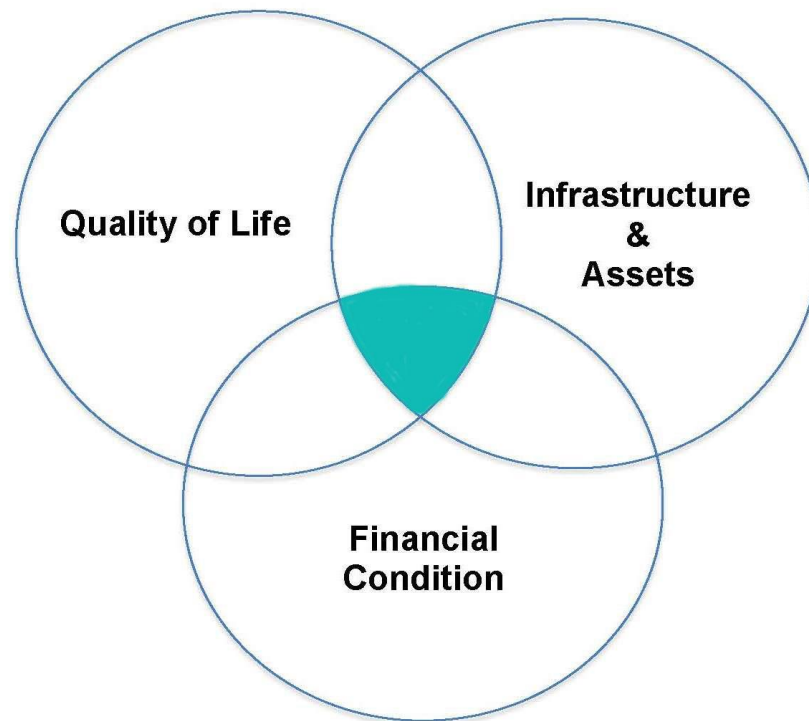
How Would a Tax Credit Reduction Work?

- Revenue from reduction to be used for roads, connectivity, other infrastructure
- Connectivity at current rate would take 30 years
- With Tax Credit Reduction, those paying for it can begin to enjoy it now



Interconnection & Balance

- Strong schools
- Successful businesses
- Property values
- Open space
- Quality services



Quality of Life = Roads = \$ = Quality of Life

New Revenue Sources

Velocity Broadband

- Priority of businesses
- Investment in future
- Business retention / attraction
- Pay for itself in 5 years

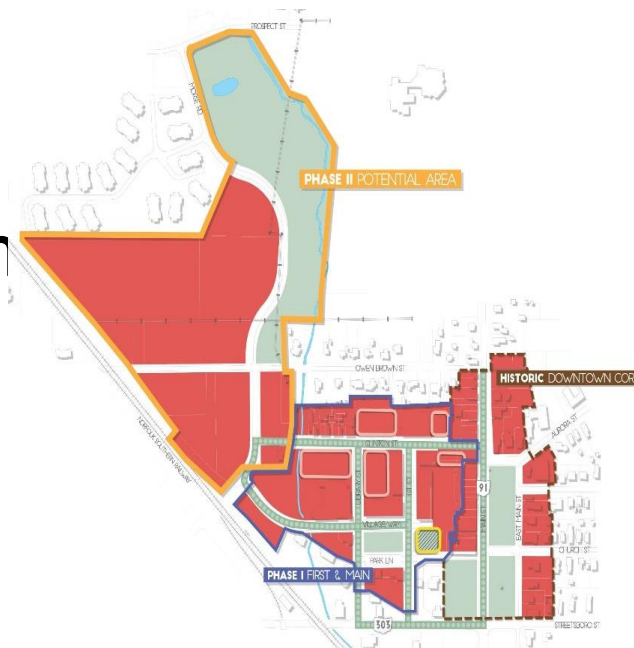


Retention → Attraction → New Jobs/Revenue

New Revenue Sources

Downtown Phase II

- 26 acres, 145,000 sq. ft. of office, varied housing
- Put 2 prime properties back on tax rolls
- Create jobs while avoiding unintended consequences



Land Value → Job Creation → Retention

New Revenue Sources

Youth Development Center (YDC)

- Stopped residential construction
- Much preserved as park land
- Corporate headquarters / offices



Land Value → Job Creation → Facilities

Next Steps

- Citizen input and comments
- June – Council to decide whether to put issue on November ballot
- November – voters decide on tax credit reduction ballot issue