



Mayor's Letter

March 15, 2016

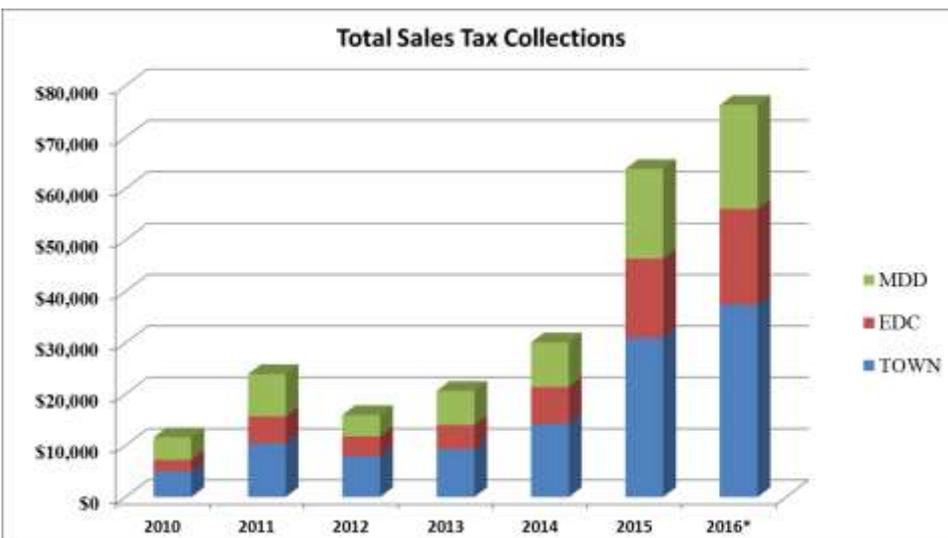
COMMUNITY ACTIVITIES. Halloween was five months ago and the candy is long gone, so its time that we replenish all the children's' supplies. **The Lakewood Village Easter Egg Hunt will be on Saturday, March 26th**, from 10:30-12:30. We will have free photos with the Easter Bunny, crafts, games, refreshments, and of course the "hunt" for about a thousand eggs. Remember, you can keep the candy, but you have to give us back our eggs.

The boating season is here and the lake activities are picking up. As a community service, the Town is hosting a **Free CPR class on Saturday April 2nd**, at 10 am at Town Hall. We will provide refreshments. We never know when an emergency can happen on the lake, in a pool, or jogging down the street, so it's important for everyone to be prepared. Young adults (12 and older) can participate. For health professionals, unfortunately the LEFD is currently unable to provide Red-Cross Certificates for the class. The class will also include instructions on the use of *Automated External Defibrillators* or AEDs like we have at Town Hall. **Class size is limited** and you must register in advance, so I urge you to sign up as soon as possible. To register contact Linda at Town Hall.

It is time again for us to host the the annual **Oak Point Elementary PTA Mad Dash 5k Color Run**. The 6th annual Mad Dash around Lakewood Village will be on **Saturday, April 16th** starting at 8 am in front of Town Hall. For more information on race registration, sponsorships or if you are interested in volunteering you can look online at www.facebook.com/pta.ope , call 972-547-3585, or email oakpointpta@gmail.com. The event has grown every year and is a nice Lakewood Village tradition. I hope everyone will support the PTA as they help our children.

ELECTIONS. After successfully hosting the Republican primary, it's now time to turn our attention to our own upcoming May election. All of the candidates for the Town Council were unopposed, so why are we having an election? We have two propositions on the ballot; however, they actually concern the same issue, (1) the removal of the one-half cent sales tax that the EDC collects, and (2) the increase in the Town's sales tax by the same one-half cent. There cannot be an increase in the overall sales tax rate (it is not allowed under State Law), so technically "two" votes are necessary to move the one-half cent from the EDC bucket into the Town's bucket.

Here's some background information on the issue. The State sales tax is 6.25 percent; this money goes to Austin and is not shared with cities and towns. Texas municipalities can, with an election, collect up to 2 percent for themselves, thus



resulting in the familiar 8.25 percent sales tax rate that we see virtually statewide. Originally, a town's two percent was limited to one percent for the town's general fund, and up to one percent for various special uses such as Economic Development Corporations (EDC), crime prevention districts, Fire Districts, EMS Districts, Municipal Development Districts (MDD), Rapid Transit Authorities, etc.

Prior to 2009, LWV did not collect sales tax. In our May 2009 election, Lakewood Village voters approved a one percent sales tax for the town's general use, **a one-half percent tax**

for the Lakewood Village EDC, and a one-half percent sales tax for the Lakewood Village MDD. As you can see, our sales tax revenues have increased steadily since 2012 which allows us to keep our property taxes low while paying for our new roads. It also shows the importance of being watchful and demanding that merchants use your 75068 - Lakewood Village address instead of Little Elm. I've been saying it for two years, it really does matter as you can see from the chart.

ECONOMIC DEVELOPMENT CORPORATIONS. There has been a long legislative history relating to Economic Development Corporations (or Community Development Corporations as they are sometimes called). In 1989, the Legislature approved them for the first time, but they could only be adopted in counties with populations **below 500,000**. The EDC could only spend the sales tax money on creating industrial and manufacturing jobs. In 1991, the Legislature created a new “Type B” EDC which could spend money on additional things like civic and commercial projects. In 1993, the Legislature greatly expanded the list of eligible projects to include items such as water, sewer, and road projects. Most importantly, any town in a county with a population **greater than 500,000** (like LWV) could now adopt an EDC-B. In 2009, the Legislature gave small towns a big break and allowed any town with less than 20,000 population to spend their funds on essentially anything the Town Council deemed worthwhile. The Lakewood Village EDC is a Type B, and we have spent funds on a variety of projects including road repairs, playground improvements, the relocated mailbox facility, the banners and poles at the town entrance, and various town improvements.

The One drawback to the EDC is in the name, it is a “Corporation”. That means it is subject to the Texas Non-Profit Corporation Act. The EDC has a seven-member board that is appointed by the Town Council. The board must meet on a regular quarterly basis. The town must also file numerous year-end annual reports with the State as required by all corporations. **The board is not independent** - in fact, it is the opposite. Under the Texas Local Government Code, the EDC cannot spend a penny on anything unless the Town Council has voted to approve the expense. Thus, the Town Council determines how every dollar of EDC money is to be spent. Since its creation, multiple members of the Town Council (myself, Carl, Dave, Ed, Ken, and of course Linda) have had to perform double duty just to have seven official members on the EDC. We had little success consistently finding seven citizens willing to serve on the EDC. And, in case you were wondering, The Lakewood Village MDD does not have these issues, it isn’t a corporation, meets when necessary, and needs only four members.

THE BIG EVENT occurred in the last Legislative session in 2015. A new law allowed towns to receive the one-half cent sales tax directly, rather than having it **sent to the EDC**, continuing to **run the EDC** and then have the Town **tell the EDC** how to spend the money. So, for example, instead of the town receiving one percent and the EDC receiving one-half percent, the town would just receive the whole 1.5 percent and the EDC would be eliminated. As before, the sales tax money would be spent according to the Town Council, but without the costs (e.g., banking and audit fees) and staffing effort required to maintain the EDC.

On August 13, 2015, The Lakewood Village Town Council voted unanimously to dissolve the EDC.

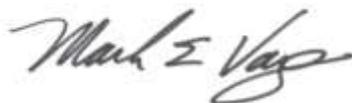
While the Council has the authority to dissolve the corporation, any changes to the sales tax must be approved by the voters - even if there is no change in the total tax. So on our May ballot you will be asked to approve two things:

- (1) to remove the one-half cent sales tax that was for the EDC (i.e. 0.5 % → 0 %) ; and
- (2) to add the one-half cent to the Town general use fund (i.e. 1.0 % → 1.5 %)

That’s what the election is about. No republicans or democrats to vote for, just two questions. I hope I didn’t put you all to sleep, but I think it is important to make the effort to inform everyone about the issue. I will briefly touch base on the issue again next month prior to the start of early voting. If you have questions, just stop in at Town Hall, send me an email, or ask one of your council members.

As you can tell, lots of town activities are coming up. I hope you will use the opportunities to come out and meet your neighbors. Please be careful out on the lake.

Dr. Mark E. Vargus
Mayor



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