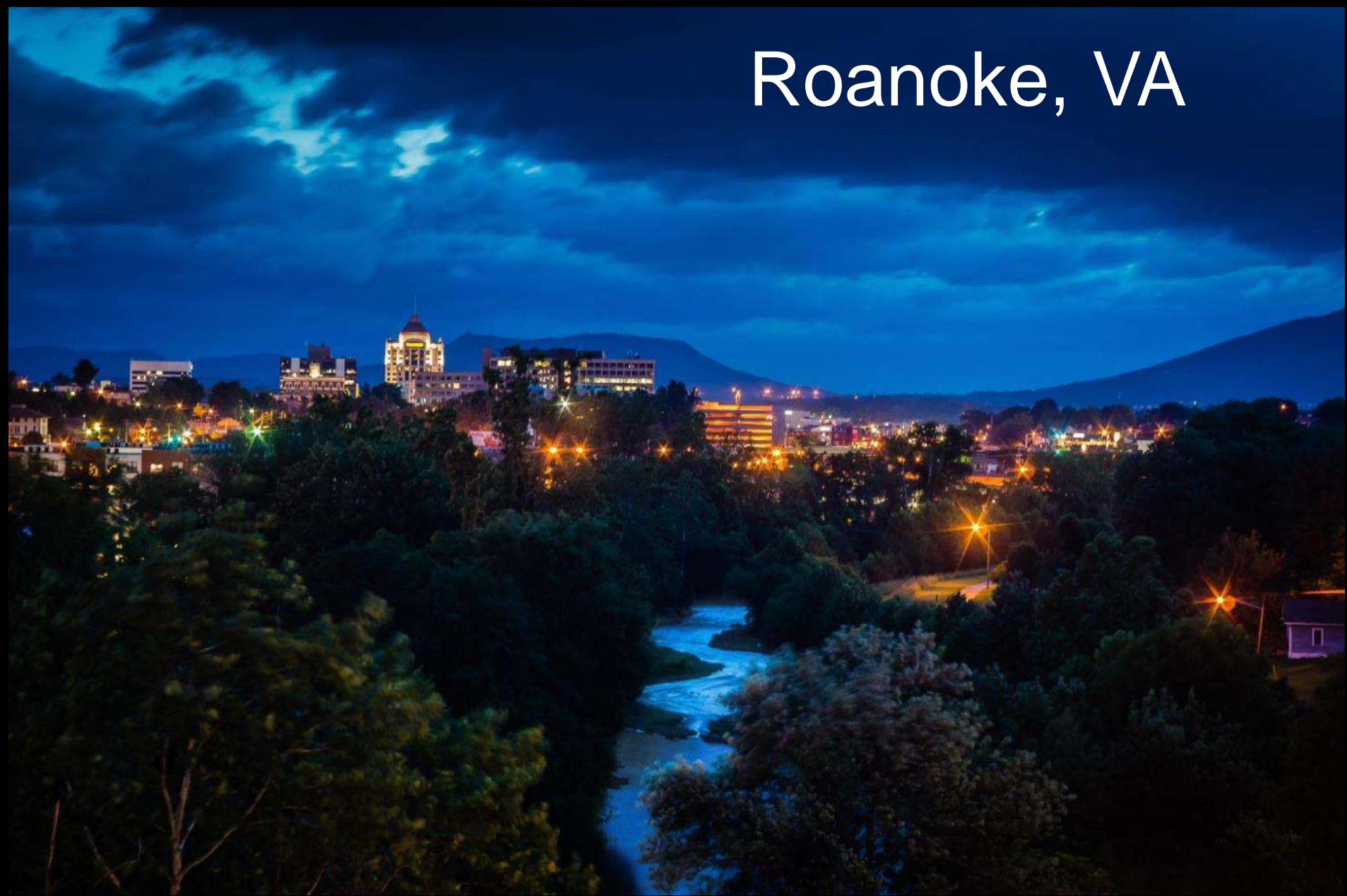


# Roanoke, VA



# Our challenges

- Since 2008, cut \$30.7 million to balance budget reduced positions by 10%
- Reduced capital plan by 25% and restructured and refocused to maintain critical infrastructure
- Reformed pension for sustainability
- Strengthened financial policies for financial resiliency
- Improved efficiency and customer service through Lean process improvement
- Made strategic investments in infrastructure and livability
- Built regional partnerships to invest in tourism, broadband, and economic development

# Action producing returns

- Reversed 30 year population decline
- Increased graduation rate from 58% to 87%%and improved other key education indicators
- Brought crime rate to 34 year low
- 2016 was our best year ever for economic development with \$166 million in private sector investment and 740 new jobs
- Neighborhoods and downtown on path to revitalization
- Through strong regional relationships developed Broadband Authority, Industrial Facilities Authority
- Recognized nationally for innovation

**WHATWORKS** Presented By  
JPMORGAN CHASE & CO.[SEE ALL CITIES/TOPICS](#) ▾

A reported series from Politico Magazine, featuring innovative ideas—and how they spread—from cities across the United States at a time of unprecedented urban reinvention.

5

SHARES



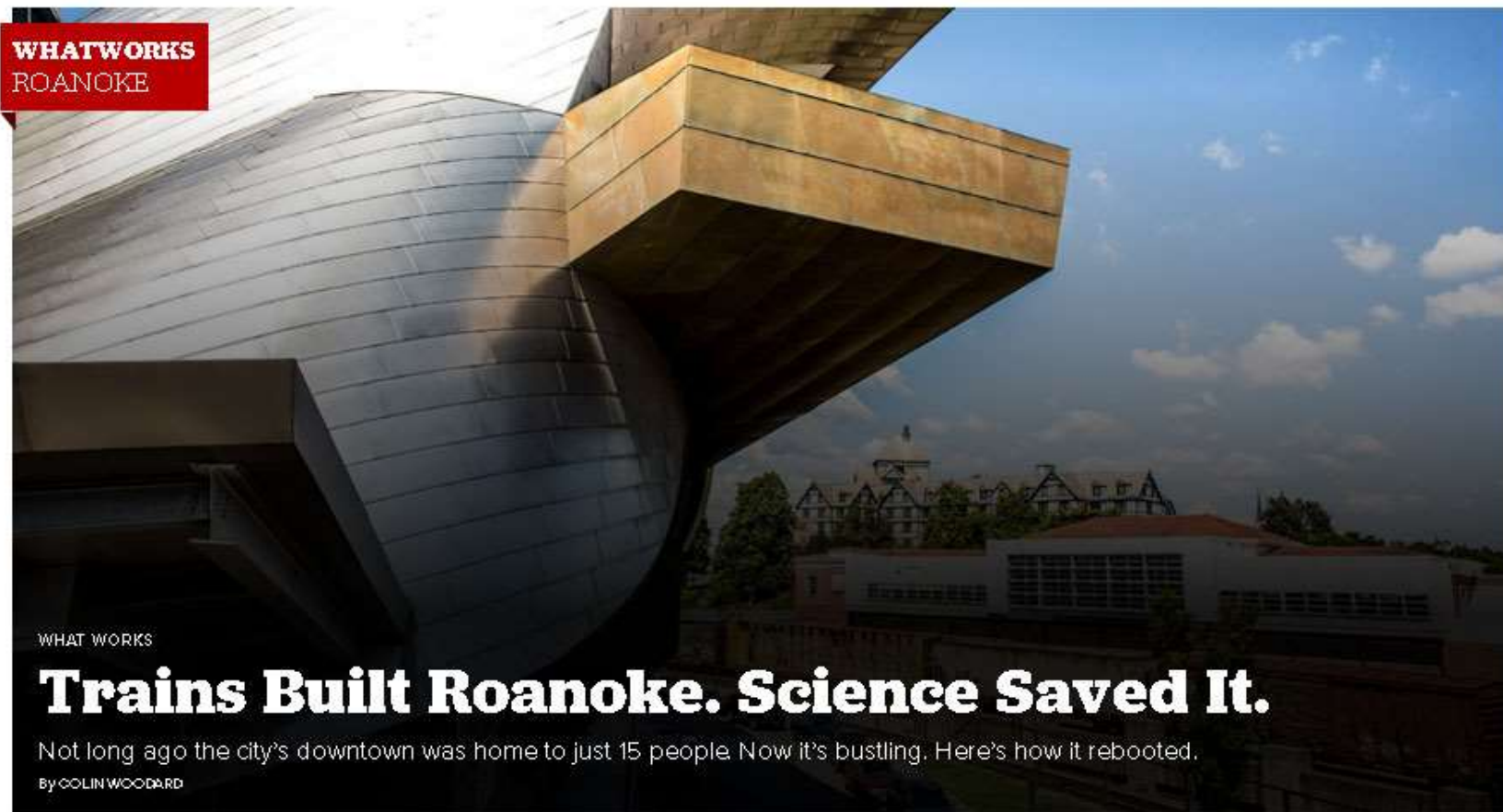
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**WHATWORKS**  
ROANOKE

WHAT WORKS

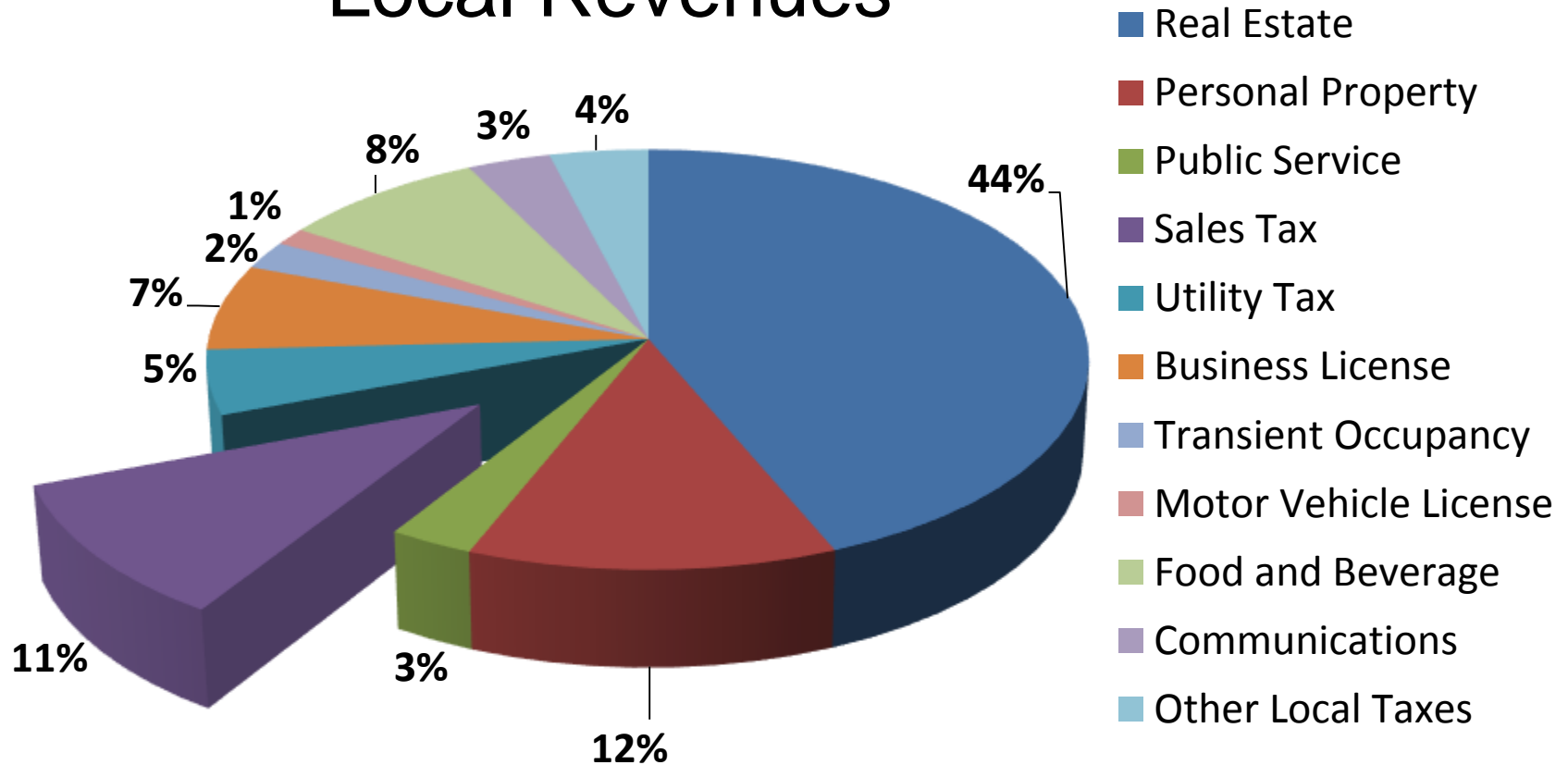
# Trains Built Roanoke. Science Saved It.

Not long ago the city's downtown was home to just 15 people. Now it's bustling. Here's how it rebooted.

By COLIN WOODARD

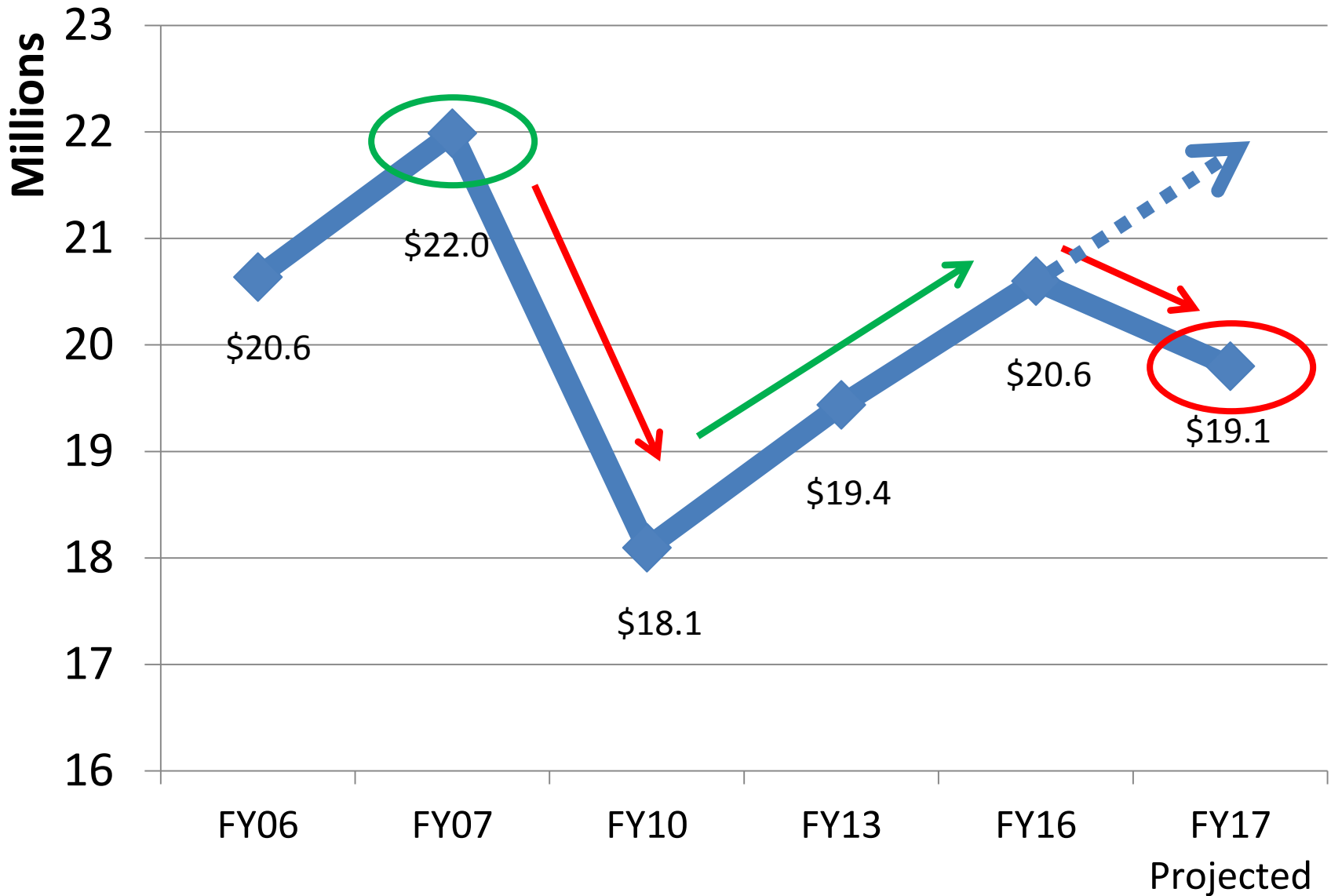
# Sales Tax important revenue source

## Local Revenues



**At its peak, Sales Tax was 14.3% of Local revenues**

# Economy growing but sales tax declines



Inability to collect internet  
sales taxes owed hurting  
our community and stifling  
economic development  
momentum

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# Congressional District 6



Congressman Goodlatte

Senator Warner  
Senator Kaine



# Sourcing Approaches for Determining Tax on Remote Sales

## Destination-based

- The sales tax on a remote sale is determined by the tax base AND the tax rate of the destination state, i.e. where the customer resides

## Origin-based

- The sales tax on a remote sale is determined by the tax base AND the tax rate of the origin state, i.e. where the seller is located

## Hybrid-based

- Under OSSA, the tax on a remote sale is determined using the 1) tax base of the seller's state (origin) and 2) the sales tax rate of the buyer's state (destination)

## S. 698 – The Marketplace Fairness Act of 2015 (MFA)

Sponsors: Sens. Enzi (R – Wyo.), Durbin (D-Ill.), Alexander (R-Tenn.), Heitkamp (D-N.D.)

- Grant states and local governments authority to compel remote sellers (online and catalog retailers), regardless of their location, to collect sales tax at the time of a transaction and uses **destination-based sourcing** to determine the tax amount
- Establish a **small seller exception threshold of \$1M** in annual remote gross receipts.
- States would only obtain this authority after simplifying their sales tax laws.

# S. 698 – The Marketplace Fairness Act of 2015 (MFA)

Sponsors: Sens. Enzi (R – Wyo.), Durbin (D-Ill.), Alexander (R-Tenn.), Heitkamp (D-N.D.)

- Option 1: A state can join the Streamlined Sales and Use Tax Agreement (SSUTA), a combined effort of business and government. Twenty-four states have already voluntarily adopted the simplification measures: AR, IN, KS, MI, NE, NJ, ND, OK, SD, VT, WV, WY, GA, IA, KY, MN, NV, NC, OH, RI, UT, WA, WI, TN
- Option 2: Requires states to meet five mandates:
  1. notify retailers in advance of rate changes,
  2. designate a single state level entity for sales tax registrations, filings and audits,
  3. establish a uniform sales tax base throughout the state,
  4. use destination sourcing to determine sales tax rates for out-of-state purchases,
  5. provide the tax compliance software to retailers for free.

# H.R. 2775 – The Remote Transactions Parity Act of 2015 (RTPA)

Sponsor: Rep. Jason Chaffetz (R-Utah)

- Like MFA, grants states & local governments authority to compel remote sellers, regardless of location, to collect sales tax at the time of a transaction and uses **destination-based sourcing** to determine tax amount
- Also provides two options for states to simplify their sales tax laws in order to obtain collection authority.
- Includes additional requirements that software provided to retailers have the ability to generate and electronically file returns and **electronically remit sales and use taxes due to the state**
- Unlike MFA, **RTPA phases out its small seller exception** over the course of four years.

# Online Sales Simplification Act of 2015 (OSSA)

Discussion Draft: Chairman Bob Goodlatte (R-Va.)

- While OSSA also seeks to grant states and local governments the authority to compel remote sellers to collect sales tax at the time of a transaction, it **substantially departs from MFA and RTPA by adopting a “hybrid-origin” approach to determine the tax on a sale.** MFA and RTPA use a destination-based system
- Another difference is that OSSA **would require participating states to adopt one statewide rate for remote sales**
- OSSA also calls for a federally created clearinghouse that would, among other duties, oversee the collection and remittance of the sales taxes between the participating states

What can you do?

In Roanoke, we took  
action



A RESOLUTION urging the United State Congress to enact legislation that will enable State and Local governments to collect revenues due to local governments that are essential for expansion of our local and regional economies, creation of thousands of new jobs, enhancement of the quality of life within our communities, and preservation of limited State and Local revenue sources.



WHEREAS, following the passage of the Marketplace Fairness Act by the United States Senate in 2013, the House of Representatives did not vote on the Marketplace Fairness Act or any alternative to address this critical economic development issue, and this inaction by the House caused the Senate to reintroduce the Marketplace Fairness Act in 2015;





WHEREAS, 2017 is now the opportunity for the 115<sup>th</sup> Congress to demonstrate **political courage** and break this unwarranted and unjustified stalemate by moving...legislation to collect and remit sales taxes structured on a **system of collection based on the purchaser's location**...in order to **protect localities** and **level the playing field** between local retailers and remote sellers;

# Resources

National League of Cities:

[nlc.org/advocacy](http://nlc.org/advocacy)

Government Finance Officers Association:

[www.gfoa.org/products-and-services/resources/federal-government-relations/marketplace-fairness-act-remote](http://www.gfoa.org/products-and-services/resources/federal-government-relations/marketplace-fairness-act-remote)

Streamline Sales Tax Governing Board, Inc.:

[www.streamlinedsalestax.org/](http://www.streamlinedsalestax.org/)

A large, multi-layered star made of white lights, illuminated in a dark forest at night. The star is the central focus, surrounded by the dark silhouettes of trees. The background is a dark, textured forest scene.

# Thank you

Now, adopt your resolutions