

*Protect and Expand the Sales-Tax-Based Revenue Base of Hot Springs*

While the actions of the Hot Springs Board of Directors to implement a water-extension policy has been based on a shortage of water, discussions in the Water Committee clearly opened the issue of retail development and its impact on sales tax revenue in the city and county. The City's need to protect its revenue base must be addressed. New retail business development outside the City seriously threatens the financial viability of Hot Springs over the long term. Therefore, the expansion of water extensions to retail businesses is untenable.

The expansion of water extensions to the planning area for non-retail business does not threaten the tax base already existing in Hot Springs.

There may be instances where retail development is proposed to the City in a way that does not threaten the tax base of the Hot Springs. The City Board of Directors on a case-by-case basis can address these instances.

*Proposed Actions*

- After approval for more water from the Corps of Engineers, connect non-retail businesses in the planning area that meet the 'zoning requirements' adopted by the City.
- Refrain from water extensions to retail businesses in the Planning Area with few exceptions. As exits in current policy, the Hot Springs Board of Directors on a case-by-case basis could approve exceptions if the approval is in the best interests of both the City and the applicant.