



MEMORANDUM

Council Agenda
Item No. IX.M.1&2.
6/20/2017

The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: James D. Couch, City Manager

1. Public hearing and action on proposed amendment to Ordinance No. 25,751 to change the rate of the proposed City Capital Improvements Sales Tax from 3/4% to 1%. Councilmembers McAtee and Stonecipher.
2. Ordinance No. 25,751, relating to Taxation; amending the Oklahoma City Sales Tax Code, codified as Article II of Chapter 52 of the Oklahoma City Municipal Code, 2010; enacting Section 52-23.5 of said Article II of Chapter 52, which levies an excise tax of 3/4% on the gross proceeds or gross receipts derived from all sales taxable under the sales tax laws of the State of Oklahoma; specifying that the excise tax levied by said Section 52-23.5 may be expended only for the limited purpose of providing City capital improvements; providing a definition of "City Capital Improvement;" stating examples of City real and/or personal properties which may be provided or improved with the excise tax; providing for certain expenditures; creating the Ordinance No. 25,751 Capital Improvements Sales Tax Fund; providing a limited term for the excise tax, commencing at 12:00 a.m. on January 1, 2018, and ending at 12:00 a.m. on April 1, 2020; providing for an Ordinance No. 25,751 Citizens Capital Improvements Sales Tax Advisory Board; providing a definition of "City" for the purposes of Section 52-23.5; providing that the excise tax levied by Section 52-23.5 shall be cumulative to the excise taxes levied by this chapter; providing for codification; and providing an effective date for Sections 1 and 2 of this ordinance.

Amendment

On May 30, 2017 Ordinance No. 25,751 was introduced and set for public hearing on June 13, 2017 and final hearing on June 20, 2017. Upon approval by City voters, the Ordinance would levy a temporary sales tax of 3/4% on all sales taxable under the sales tax laws of the State of Oklahoma.

The public hearing on Ordinance No. 25,751 was held on June 13, 2017. During this public hearing a representative of the Greater Oklahoma City Chamber of Commerce requested that the Council adjust the proposed tax rate from 3/4% to 1%.

If after holding the public hearing, a majority of Council voting favors the proposed amendment, there are two references to a rate of 3/4% that must be changed to 1% in Ordinance No. 25,751. The two proposed changes are indicated in redline with yellow highlighting on the attached copy of Ordinance No. 25,751 (as introduced).

After deciding the proposed amendment, Council should vote on final passage of Ordinance No. 25,751.

If the proposed tax rate amendment is adopted, the rate will also need to be amended from 3/4% to 1% on Resolution No. I, Proclamation, Resolution No. II, the Resolution setting forth the Council's intent, and all Exhibit "A"s.

Background

Oklahoma City has the opportunity to continue to capitalize on the momentum created by prior temporary sales taxes approved by City voters under the successful "MAPS" Program (MAPS 1—3, respectively approved by City voters in 1993, 2001, and 2009), the 2000 City Capital Improvements Sales Tax, and the 2008 Sports Facilities Sales Tax in order to further improve the quality of life in our community and neighborhoods.

Ordinance No. 25,751, as originally presented, proposes to levy a temporary special sales tax of 3/4 % for additional City capital improvements. Other items on today's Council agenda would outline the City Council's present administrative intent regarding this new capital improvements program, call a special election for approval of the tax levy, and set the election date for September 12, 2017. The special sales tax, following approval by the voters, will be in effect from January 1, 2018 through March, 2020 (27 months); and it will provide the funds to build the key capital projects needed to continue the momentum of great capital improvement programs in Oklahoma City.

It is anticipated that this temporary sales tax, as originally presented, will generate approximately \$180 million during its 27-month term. The revenues will be deposited in a special sales tax fund called the Ordinance No. 25,751 Capital Improvements Sales Tax Fund. The proceeds will be expended only for the purpose of providing "City capital improvements," as defined in the Ordinance.

Examples of City capital improvements which may be provided or improved with the excise tax levied by Subsection (a) of this section include without limitation City public buildings, streets, sidewalks, streetscapes, trails, bike lanes, equipment, and/or any other City real or personal properties the City Council determines should be provided or improved with such tax.

The types of capital projects that the Mayor and City Council administratively intend to fund through this capital program are outlined in a Resolution of Intent, also on today's City Council agenda.

Estimated Revenue

As originally presented , \$180 million over 27 months to be deposited in the Ordinance No. 25,751 Capital Improvements Sales Tax Fund

If amended, \$240 million over 27 months to be deposited in the Ordinance No. 25,751 Capital Improvements Sales Tax Fund.

Review

Finance Department

Recommendation: Public hearing be held, amendment be considered and Ordinance be adopted.

Attachment