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## Memorandum

To: Honorable Mayor, Members of the City Council  
From: Roger Kolman, City Manager  
Re: Proposed Infrastructure Tax  
Date: 09/09/2019

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### **BACKGROUND**

The Council is aware of the lack of fiscal resources available to municipalities in Oklahoma to fund public improvements. Generally, those public improvements are funded either through the issuance of bonded indebtedness under a public trust or through a dedicated sales tax. When done under the auspices of a public trust, generally the revenues of the trust are used to pay the costs of the infrastructure. When the costs of the infrastructure are funded through a dedicated sales tax, then the costs are borne not only by residents but also by visitors to the community. For most public infrastructure, i.e. roadways, it can be more equitable to put the costs for that infrastructure onto everyone that may use the infrastructure rather than onto only those that live in the community.

### **The Election**

An increase, or decrease, in a municipal sales tax, requires an affirmative vote of the registered voters at a regular election, or special election where the proposition being considered is for only “one subject”, i.e. a change in the tax levy (68 O.S. 1354.36). The City Council may call for a special election by resolution submitted to the secretary of the county election board at least 60 days before the planned date of the election (26 O.S. 13-102). The dates for municipal elections are set forth in statute (26 O.S. 4-101) and are always on a Tuesday. For an election in April 2020 the resolution could be presented as late as January 2020.

### **The Tax**

The City of Coweta currently levies 3% sales and use tax for general operations which generates an estimated \$3.7 million per year or \$1.2 million for each 1% of tax. The proposed tax would be up to an additional 1% permanent sales tax restricted to capital projects. Generally, the term “capital projects” would include municipal buildings, parks, public infrastructure, equipment and any major upgrades thereto.

According to the accompanying schedule of comparative sales tax burden, the addition of another 1% of dedicated sales tax would not put Coweta in a competitive disadvantage in relation to competitor municipalities in our region.

### **The Projects**

The accompanying preliminary schedule of infrastructure projects is just that, preliminary, but is indicative of the types of projects that can be accomplished through this funding mechanism. Most of

these projects would be difficult, if not impossible, to bring to fruition for the citizens of Coweta without a dedicated revenue stream.

#### The Process

Should the Council determine that seeking a dedicated sales tax is advantageous, there will be a significant amount of work on behalf of the Council, staff and the public to get it done. The process would need to include two or three public meetings dedicated to discussing the types of projects desired by the citizens and the prioritization of those projects. These public meetings could occur once the call for election has been made, but it might be advisable to hold at least one “visioning” meeting before that vote is taken by the Council.

The last two Coweta Community Surveys have shown good support among the respondents for tax supported funding for major infrastructure projects. The public process discussed above would serve to narrow the general idea of various projects into very specific and accomplishable projects.

#### **STAFF RECOMMENDATION**

Item is for discussion only.

#### **ATTACHMENTS**

Schedule of Comparative Sales Tax Burden  
Preliminary Schedule of Infrastructure Projects

<b>Schedule of Comparative Sales Tax Burden</b>				
Municipality	State Tax	County Tax	City Tax	Combined Tax
Glenpool	4.500	0.367	5.100	9.967
Bixby (W)	4.500	1.300	4.050	9.850
Sand Springs (O)	4.500	1.250	4.050	9.800
Wagoner	4.500	1.300	4.000	9.800
Collinsville (Ro)	4.500	0.833	4.300	9.633
Sapulpa (Cr)	4.500	1.000	4.000	9.500
Tahlequah	4.500	1.750	3.250	9.500
Owasso (Ro)	4.500	0.833	4.050	9.383
Sapulpa (T)	4.500	0.367	4.500	9.367
Broken Arrow (W)	4.500	1.300	3.550	9.350
Collinsville (T)	4.500	0.367	4.300	9.167
Muskogee	4.500	0.650	4.000	9.150
Catoosa (W)	4.500	1.300	3.250	9.050
Bixby (T)	4.500	0.367	4.050	8.917
Sand Springs (T)	4.500	0.367	4.050	8.917
Owasso (T)	4.500	0.367	4.050	8.917
Coweta	4.500	1.300	3.000	8.800
Catoosa (Ro)	4.500	0.833	3.250	8.583
Tulsa	4.500	0.367	3.650	8.517
Broken Arrow (T)	4.500	0.367	3.550	8.417
Claremore	4.500	0.833	3.000	8.333

## Preliminary Schedule of Infrastructure Projects

Project	Description
Public Safety Building	New police and fire facility, expanded to 2 stories
111th Street	Add additional lane, storm sewer from Hwy 51 to 278th E Avenue
273rd East Avenue	Add additional lane, storm sewer from 111th to end of city limits
Master Drainage Study	Identify areas for improvement to storm water drainage and retention
121st Street (W)	Pave from Hwy 51 to E 166th St S, drainage improvements
121st Street (East)	Pave from Hwy 51 to end of city limits, replace box culvert
141st Street (East)	Reconfigure Hwy 51 intersection
141st Street (East)	Add shoulders from 298th E A to 305th E Ave, replace box culverts
305th E Ave	Hwy 51 to city limits add shoulders, drainage improvements and paving
Downtown Coweta	Add drainage improvements
Coweta Sports Park	Correct drainage, pave parking lots, add lighting
Hwy 51 (East)	Add sewer improvements to area east of 305th to Muskogee Turnpike
Bike Lanes/Trails	Obtain study on potential areas for multi modal connectivity
Parks	Locate additional public park area north of 131st St