

City of River Oaks Special Election Proposition – Reallocation of Sales & Use Taxes

On February 17, 2023, the City Council approved an ordinance calling for a special election for the purposes of submitting a proposition for the voters to adopt or reject the question of reallocating the dedicated sales and use tax collected for the Economic Development Corporation to the General Revenue Fund.

Why are we having a special election?

This election is for the purpose of reallocating the existing sales tax collected in the City of River Oaks. If the proposition is approved, there will be no increase in the overall sales tax rate collected in the City, but the one-half sales tax attributable to the Economic Development Corporation will be reduced from one-half cent to zero, and the general fund rate will increase from one cent to one and one-half cent.

This election is not for the purpose of abolishing the EDC Board or Corporation. It is an election to submit to the voters whether to reallocate the sales tax collected from the Economic Development Corporation to the general fund.

This election does not change the one-half percent (.50%) collected by the Crime Control and Prevention District and regardless of the election outcome, the total local sales tax rate will not change from the current 2% collected. Whether the proposition is approved or denied, there will be no change in the total amount of the sales tax rate collected within the City.

What is the City of River Oaks Sales and Use Tax Rate?

The City of River Oaks currently imposes sales and use taxes at the rate of 8.25%. Collected funds are allocated as follows:

- State imposed sales tax 6.25%
- City of River Oaks General Fund 1.0%
- Crime Control & Prevention District .50%
- Economic Development Corporation .50%

What is the Economic Development Corporation Sales Tax and how is it used?

The Economic Development tax generates approximately \$300,000.00 per year and can be used only to fund projects, as that term is defined by Chapter 505 of the Texas Local Government Code (the "Act"). Project categories include economic development incentives for businesses or industry to expand or locate within the City, or projects related to recreational or community facilities. Expenditures from the general fund can also be made for projects identified by the Act.

What is the Ballot Language?

"the abolition of the local sales and use tax for the benefit of the type B Economic Development Corporation within River Oaks and the adoption of a local sales and use tax in River Oaks at the rate of one and one-half percent (1 1/2%)."

[] FOR

If you want the one-half percent (.50%) sales tax currently collected for the Economic Development Corporation to be moved to the general fund, then you would vote FOR the proposition. If the proposition is adopted by the voters, there will be no increase in the overall sales tax rate. It will reduce the Economic Development Corporation Sales and Use Tax from .50% to .0% and increase the City of River Oaks General Fund from 1.00% to 1.50%.

[] AGAINST

If you want the one-half percent (.50%) sales tax to stay as it is now with the Economic Development Corporation you would vote AGAINST the proposition. If the proposition is not adopted, there will be no change in the sales tax allocations meaning that the Economic Development Corporation will continue to get the 0.50% of sales tax and the General Fund will receive 1.0% as is currently the case.