



Type A Sales Tax Reauthorization: Action Item for City Council

August 1, 2024



Local Sales Tax

City of Corpus Christi residents and visitors currently pay the maximum 8.25 cents per \$1 of certain goods and services for sales and use tax. Of this, 6.25 cents is allocated to the state and up to 2 cents is used for local purposes

Entity	Use	Allocation	Expiration	Estimated FY 24 Collections
State of Texas	State Operations	6.25 cents	None	\$445.0M
CCRTA	Transportation	1/2 of 1 cent	None	\$ 35.6M
City of Corpus Christi	City Operations	1 cent	None	\$ 71.2M
City of Corpus Christi	Type A-Improvements to the Downtown Seawall	1/8 of 1 cent	March 2026	\$ 8.9M
City of Corpus Christi	Type A-Multipurpose arena	1/8 of 1 cent	Sept 2025	\$ 8.9M
City of Corpus Christi	Type B-Economic development, affordable housing, streets	1/8 of 1 cent	April 2038	\$ 8.9M
City of Corpus Christi	Corpus Christi Crime Control District	1/8 of 1 cent	March 2028	\$ 8.9M



Additional Items for Consideration

If voters choose not to reauthorize the Sales Tax Uses in November 2024,
the City will have the following options to reauthorize.

Sales Tax Type	Expiration	Reauthorization Election Options
Type A – Multipurpose Arena	September 2025	May 2025
Type A – Improvements to the Downtown Seawall	March 2026	May 2025 or November 2025



Term

Recommend a 25-year term for both 1/8 cents. This allows for project development and issuing debt within the first 5 years.

Term	Forecasted Revenue	Funding Options
10 Years	\$ 95,000,000	Annual cash funding
15 Years	\$146,000,000	Annual cash & shorter-term bonds
20 Years	\$200,000,000	Annual cash & less than 20-year bonds unless full bonding capacity was issued year one
25 Years	\$256,000,000	Annual cash & project development with 20-year bonds issued within the first 5 years

- Forecasted with the conservative assumption of a 1% increase in sales tax revenue per fiscal year.
- Not adjusted for interest or time value of money.
- The 20 & 25-year terms provide more debt-related benefits as opposed to the shorter terms that only allow for cash and/or short-term bonds.



Allowable Uses of Type A/B Sales Tax

Projects related to creation or retention of Primary Jobs

Including manufacturing, industrial, research and development, military, distribution, warehousing, primary job training for use by higher education, sewer, solid waste/recycling, or regional or national corporate headquarter facilities.

Job training

Required or suitable for the promotion of development and expansion of business enterprises

Infrastructure

Streets, rail spurs, drainage, and water, sewer, electric, and gas utilities in support of new or expanded business enterprises

Military

Promoting or supporting an active military base to prevent future closure, attracting new military missions to an existing base, or redeveloping a base that has been closed

Water Supply Facilities and Conservation Programs

Water supply facilities including dams, transmission lines, well field development and other supply alternatives. Conservation programs including education, water saving fixtures, brush control, and replacement of malfunctioning or leaking infrastructure

Affordable Housing

Promotion of development and expansion of affordable housing as described by 42 U.S.C. Section 12745

Recreational or Community Facilities

Sports, entertainment, tourist, convention, public parks, museums, open space, store, restaurant, concession, parking

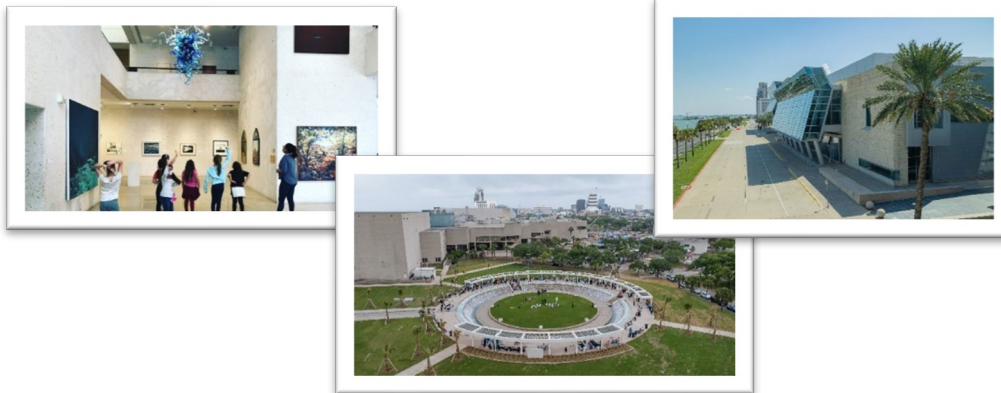
Business Enterprises that create or retain primary jobs

Facilities for public safety, streets and roads, drainage improvements, demolition of existing structures, general municipally owned improvements, and any other projects that promotes or develops new or expanded businesses enterprises that create or retain primary jobs.

Proposed Uses for each 1/8 cent

Proposed Project #1A

- Expand use to the whole American Bank Center Complex including the arena, Convention Center, & Selena Auditorium.
- Add City-owned facilities located in the Sports, Entertainment, and Arts (SEA) District including the Corpus Christi Museum of Science and History, the Art Museum of South Texas, the Texas State Museum of Asian Cultures and Education Center, the Harbor Playhouse, and the Water Garden.



Sample Ballot Language for Project #1A:

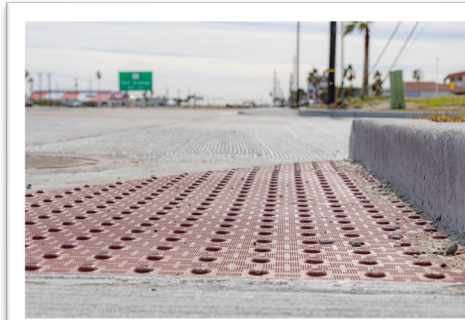
“Repurposing the expiring Type A sales and use tax of 1/8 of 1% (being 0.125 cents per \$1) for arena improvements by the adoption of a Type A sales and use tax at the rate of 1/8 of 1% (being 0.125 cents per \$1), with proceeds to be used for city-owned recreational and community facilities within the SEA District (including the ABC Complex, the Corpus Christi Museum of Science and History, the Art Museum of South Texas, the Texas State Museum of Asian Cultures and Education Center, the Harbor Playhouse, and the Water Garden) and the maintenance and operating costs related to such facilities, to be imposed for 25 years.”

Proposed Uses for each 1/8 cent

Proposed Project #1B

- All projects in Proposed Project 1A
- Add Commercial & Industrial Streets
- Would need to reauthorize as Type B

Could achieve improvements to residential streets by utilizing the reauthorized funding for commercial and industrial streets and shift more funding from other sources to residential streets.



Sample Ballot Language for Project #1B:

“Repurposing the expiring Type A sales and use tax of 1/8 of 1% (being 0.125 cents per \$1) for arena improvements by the adoption of a Type B sales and use tax at the rate of 1/8 of 1% (being 0.125 cents per \$1), with proceeds being allocable in the indicated percentages to be used for promotion and development of new and expanded business enterprises limited to infrastructure improvement projects pertaining to City-wide commercial and industrial streets (50%) and the city-owned recreational and community facilities within the SEA District (including the ABC Complex, the Corpus Christi Museum of Science and History, the Art Museum of South Texas, the Texas State Museum of Asian Cultures and Education Center, the Harbor Playhouse, and the Water Garden) and the maintenance and operating costs related to such facilities (50%), each as authorized by the Development Corporation Act and available to Type B corporations, to be imposed for 25 years.”

Proposed Uses for each 1/8 cent



Proposed Project #1C

- All projects in Proposed Project 1B
- Add infrastructure in support of the military.
- Would need to reauthorize as Type B

Sample Ballot Language for Project #1C:

“Repurposing the expiring Type A sales and use tax of 1/8 of 1% (being 0.125 cents per \$1) for arena improvements by the adoption of a Type B sales and use tax at the rate of 1/8 of 1% (being 0.125 cents per \$1), with proceeds being allocable in the indicated percentages to be used for promotion and development of new and expanded business enterprises limited to infrastructure improvement projects pertaining to City-wide commercial and industrial streets (33%), military facilities which create or retain primary jobs (33%), and the city-owned recreational and community facilities within the SEA District (34%), each as authorized by the Development Corporation Act and available to Type B corporations, to be imposed for 25 years.”

Proposed Uses for each 1/8 cent

Proposed Project #1D

- All projects in Proposed Project 1B
- Identify between \$32M-\$36M in commercial and industrial street projects included on the Bond 2024.
- Remove these projects from Bond 2024 and fund projects with the reauthorized sales tax
- Replace the \$32M-36M in commercial and industrial street projects with neighborhood streets projects on Bond 2024
- Continue to fund commercial and industrial street projects once the identified projects are completed
- Would need to reauthorize as Type B

Sample Ballot Language for Project #1D:

“Repurposing the expiring Type A sales and use tax of 1/8 of 1% (being 0.125 cents per \$1) for arena improvements by the adoption of a Type B sales and use tax at the rate of 1/8 of 1% (being 0.125 cents per \$1), with proceeds being allocable in the indicated percentages to be used for promotion and development of new and expanded business enterprises limited to infrastructure improvement projects pertaining to City-wide commercial and industrial streets (50%) and the city-owned recreational and community facilities within the SEA District (including the ABC Complex, the Corpus Christi Museum of Science and History, the Art Museum of South Texas, the Texas State Museum of Asian Cultures and Education Center, the Harbor Playhouse, and the Water Garden) and the maintenance and operating costs related to such facilities (50%), each as authorized by the Development Corporation Act and available to Type B corporations, to be imposed for 25 years.”

Proposed Uses for each 1/8 cent

Proposed Project #1E

- Reauthorize under Chapter 327
- Provides for the use of sales tax revenue to maintain and repair municipal streets or sidewalks existing on the date of the election
- Voters will approve a term of up to four years
- Revenues can not be pledged as security to the repayment of bonds (e.g. pay as you go)
- City Council will oversee this funding

Sample Ballot Language for Project #1E:

“The abolition of the Type A sales and use tax of 1/8 of 1% (being 0.125 cents per \$1) for arena improvements; the adoption of a local sales and use tax in the City of Corpus Christi at the rate of 1/8 of 1% (being 0.125 cents per \$1) to provide revenue for maintenance and repair of municipal streets.”

Proposed Uses for each 1/8 cent

Proposed Project #2

- Continue the use for the Downtown Seawall Flood Control structures including maintenance and improvements to the entire seawall structure including the breakwater, salt flat levee, T and L Head land masses, Marina basin and flood control pumps to protect the City's downtown businesses
 - Excludes any vertical structures or amenities that do not support the items above or pertain to flood control.
- Add City-wide stormwater, flood control, drainage, and coastal resiliency projects to expand or create new business areas



Ballot Language for Proposed Project #2

Sample Ballot Language:

“Repurposing the expiring Type A sales and use tax of 1/8 of 1% (being 0.125 cents per \$1) for seawall improvements by the adoption of a sales and use tax for the promotion and development of new and expanded business enterprises limited to infrastructure improvement projects pertaining to City-wide flood control, drainage, stormwater, and coastal resiliency, at the rate of 1/8 of 1% (being 0.125 cents per \$1) to be imposed for 25 years.”

Sample Ballot Language with expanded project language:

“Repurposing the expiring Type A sales and use tax of 1/8 of 1% (being 0.125 cents per \$1) for seawall improvements by the adoption of a sales and use tax for the promotion and development of new and expanded business enterprises limited to infrastructure improvement projects pertaining to City-wide drainage, stormwater, and coastal resiliency, including the Fm 624, Turkey Creek, North Beach Linear Canal Phase 2 and other coastal resiliency and flood control measures, Corpus Christi Bay Shore Erosion Mitigation & Protection, Clarkwood Ditch/Oso Tributary, William’s Ditch, Oso Creek and downtown seawall flood control structures, at the rate of 1/8 of 1% (being 0.125 cents per \$1) to be imposed for 25 years.”

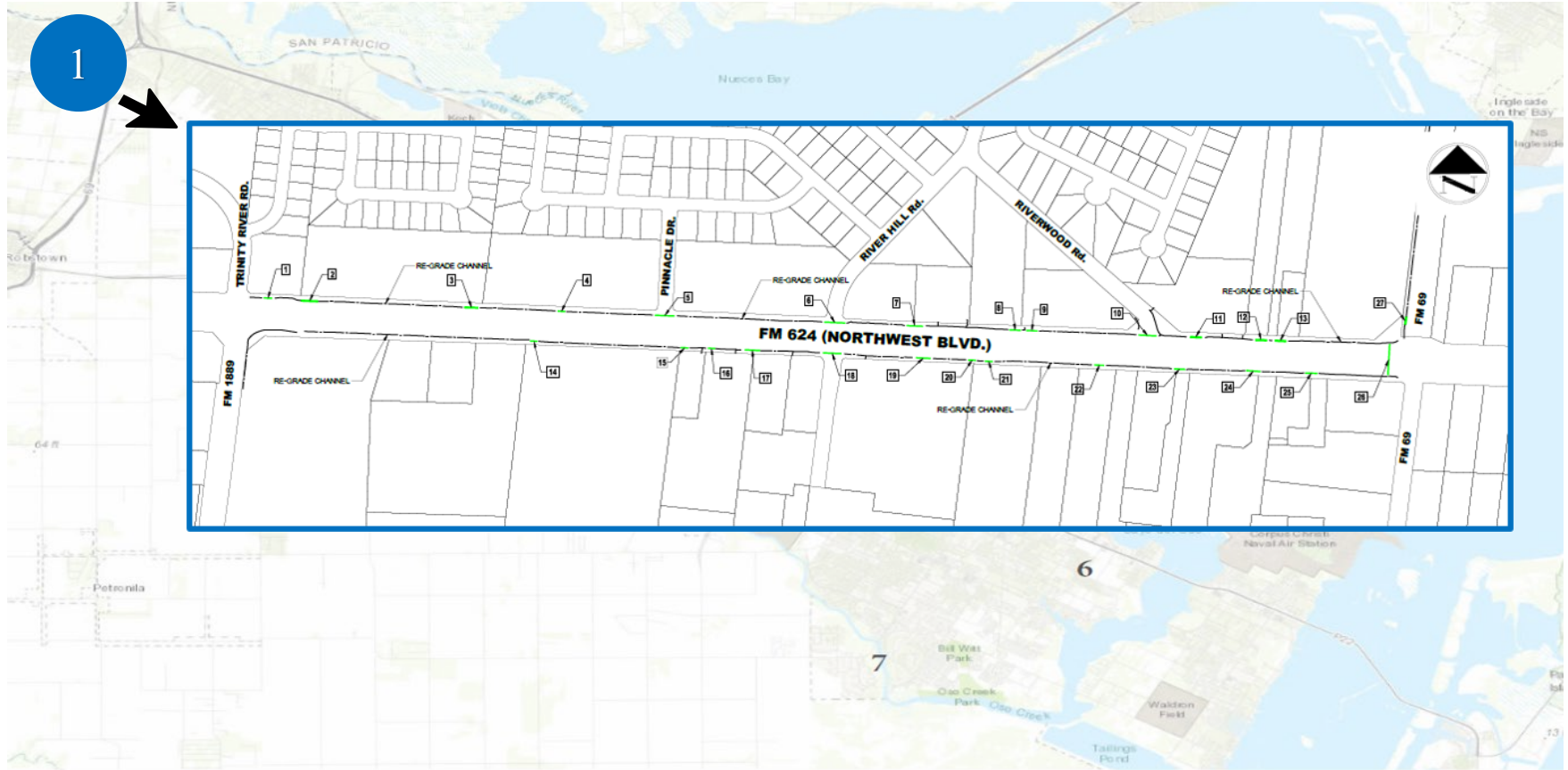


Possible Capital Projects

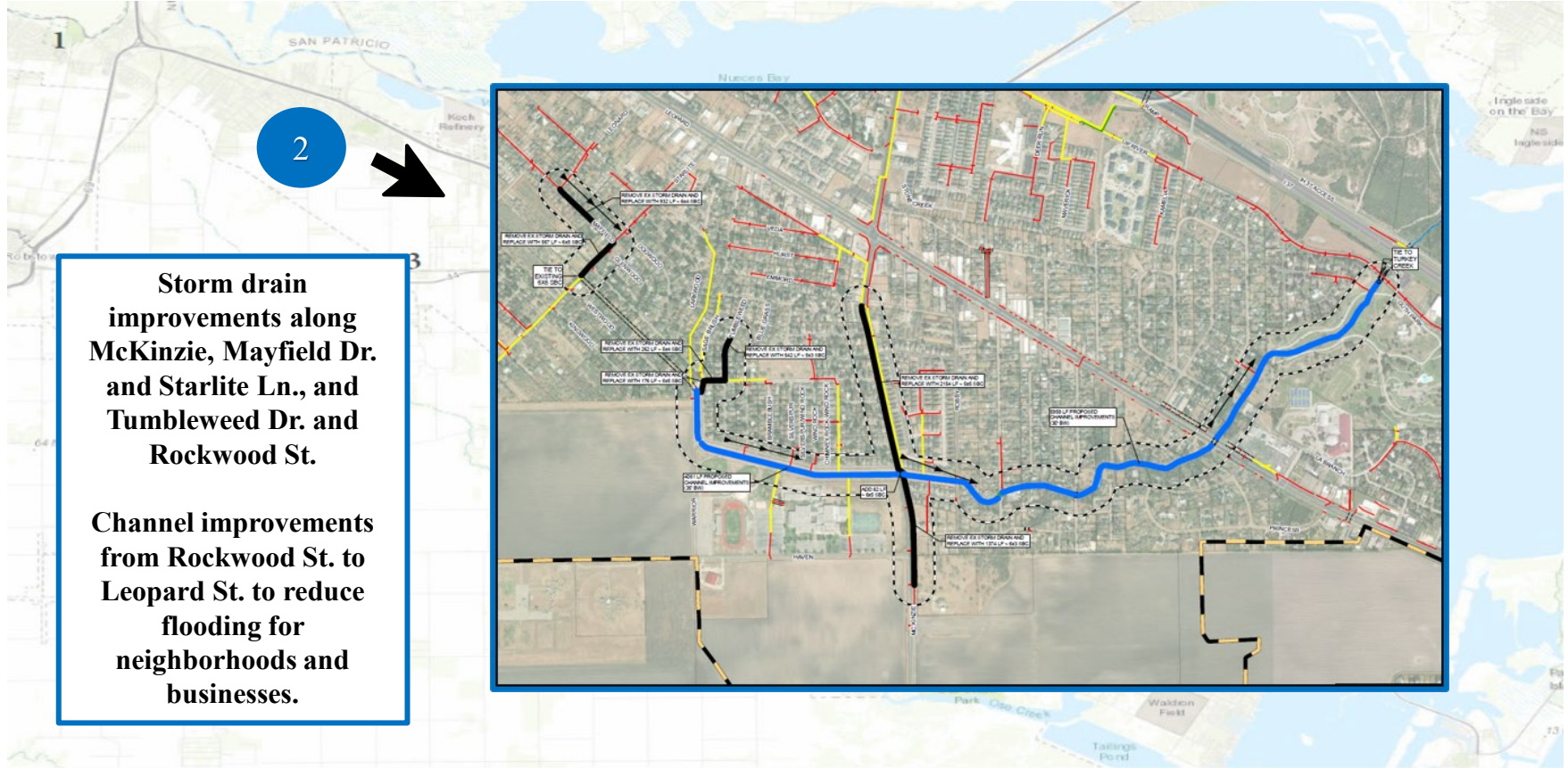


- 1- FM 624
- 2- Turkey Creek
- 3- Clarkwood Ditch/ Oso Tributary
- 4- North Beach Linear Canal Phase 2 and other Coastal Resiliency & Flood Control Projects
- 5- Corpus Christi Bay Erosion Mitigation
- 6- Williams Ditch
- 7- Oso Creek

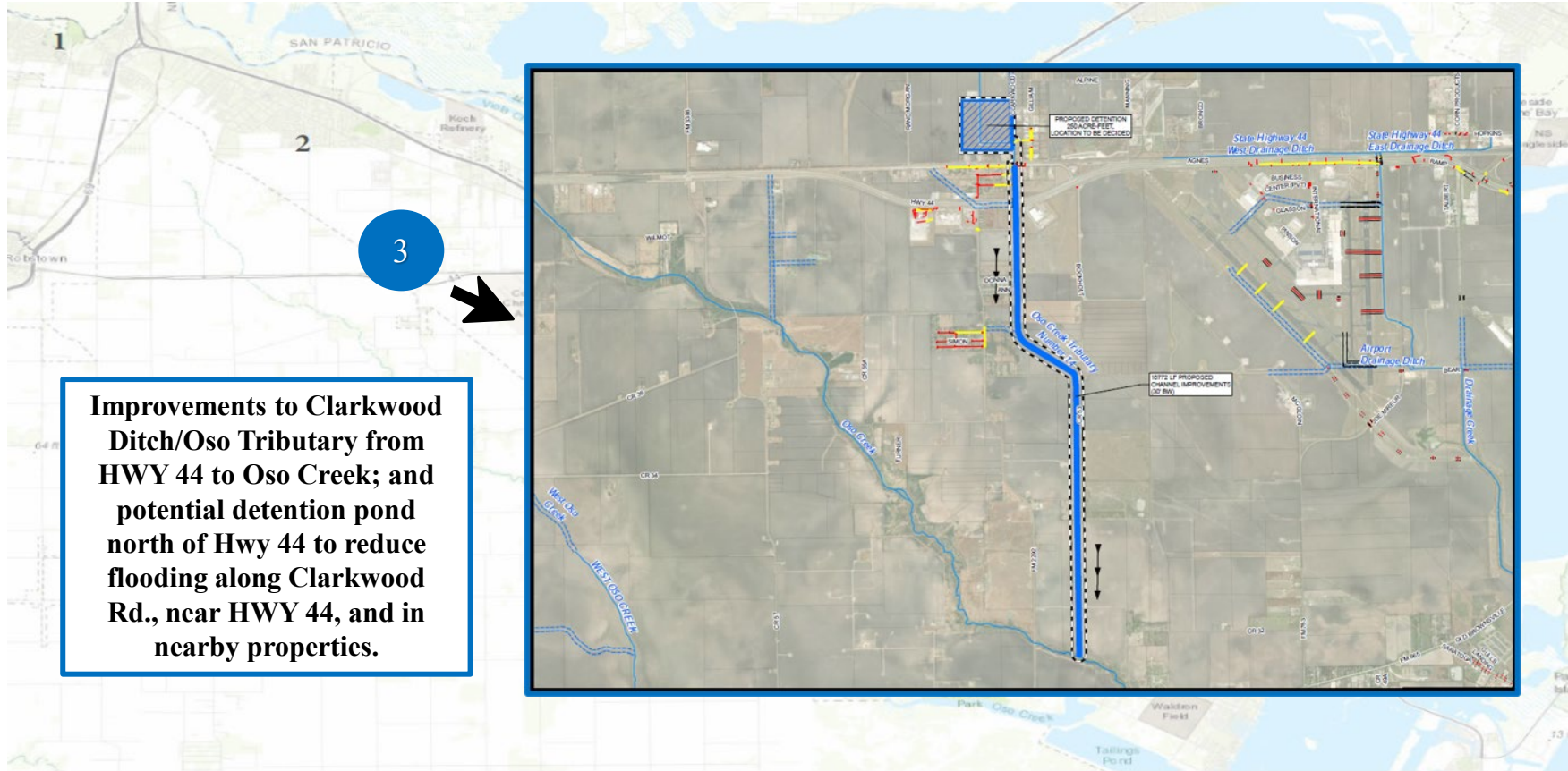
Possible Capital Projects: FM 624



Possible Capital Projects: Turkey Creek

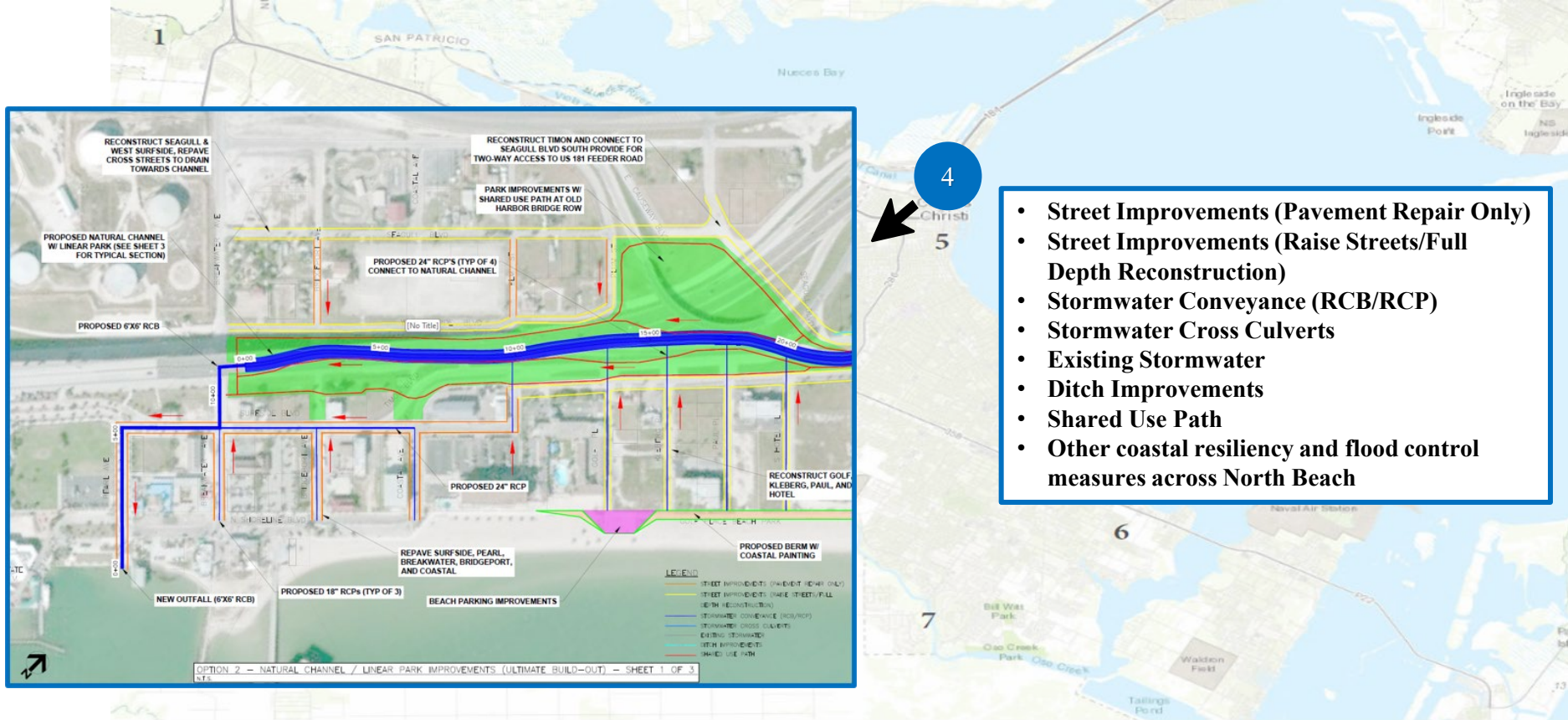


Possible Capital Projects: Clarkwood Ditch/ Oso Tributary



Improvements to Clarkwood Ditch/Oso Tributary from HWY 44 to Oso Creek; and potential detention pond north of Hwy 44 to reduce flooding along Clarkwood Rd., near HWY 44, and in nearby properties.

Possible Capital Projects: North Beach Linear Canal Phase 2



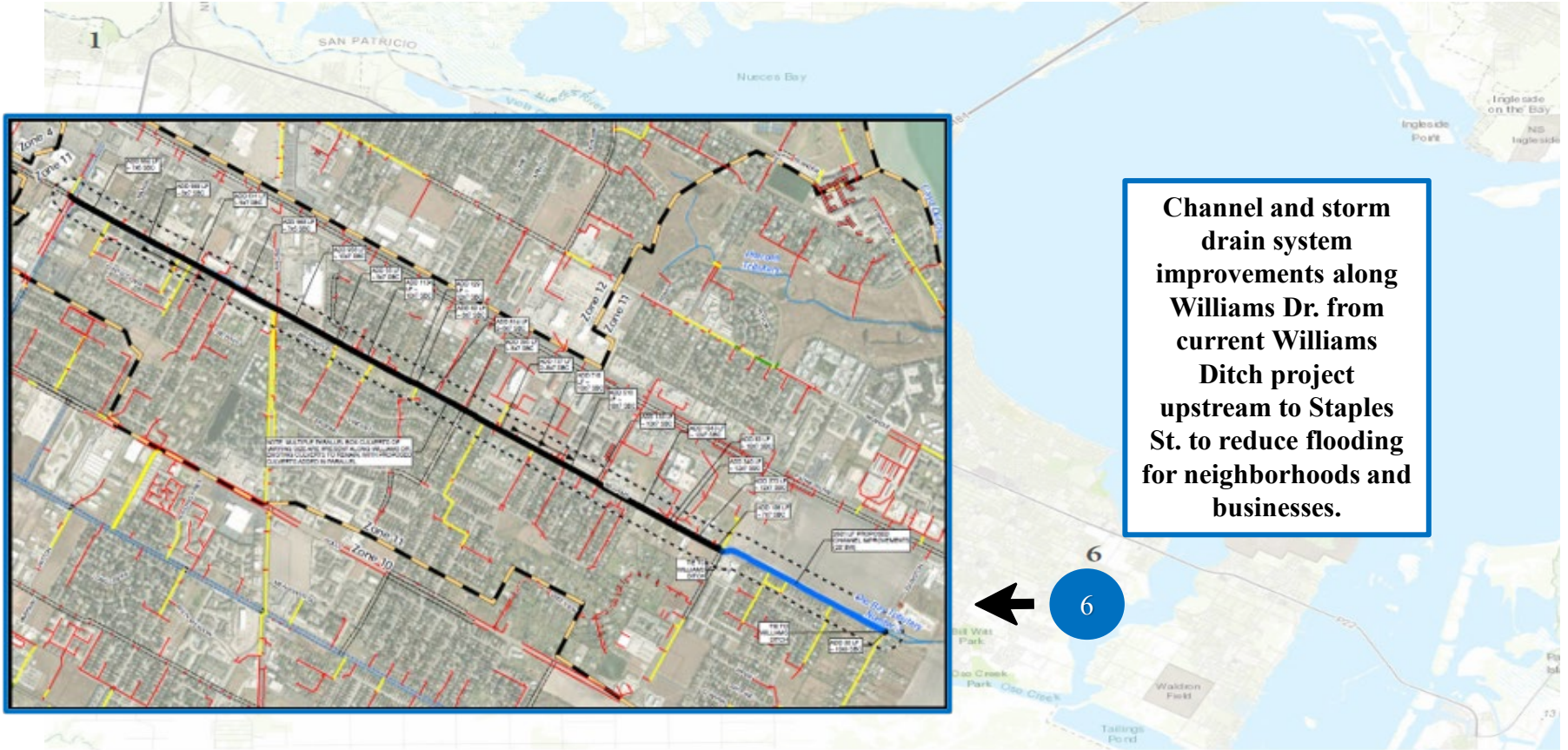
Coastal resiliency and erosion repair and mitigation

There is continued erosion of the shoreline along Corpus Christi Bay. This would focus on repair of current damage and mitigation of future erosion of the coast line. There are multiple public areas along the coastline that are frequented by residents and visitors like.

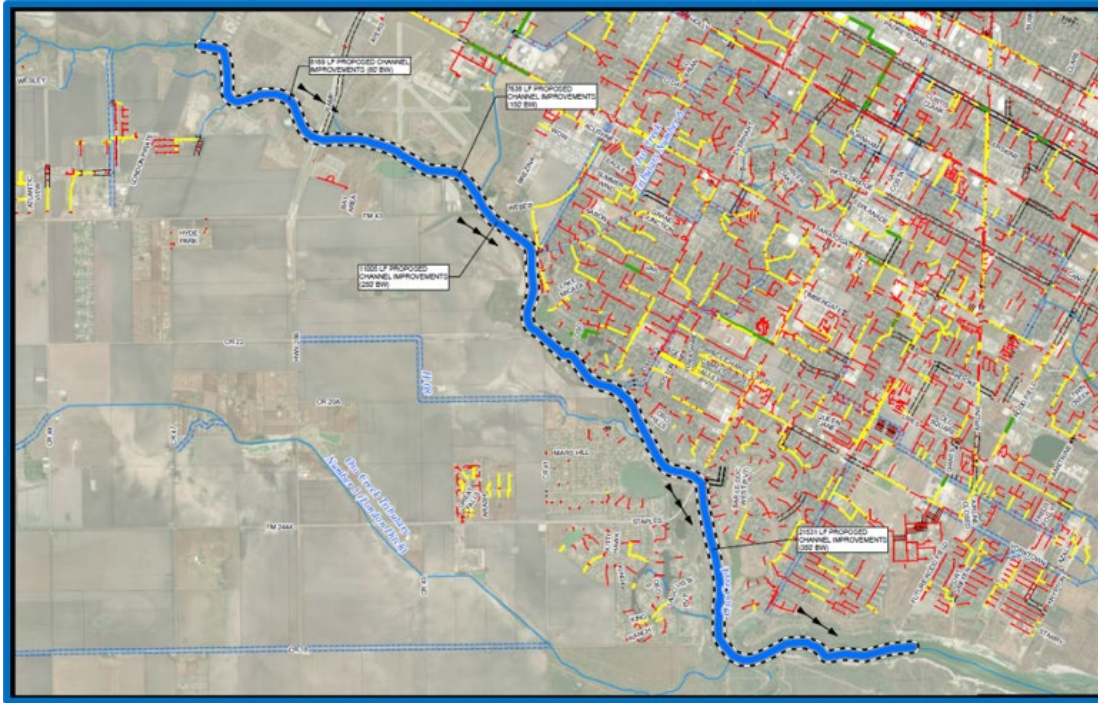
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Possible Capital Projects: Williams Ditch



Possible Capital Projects: Oso Creek



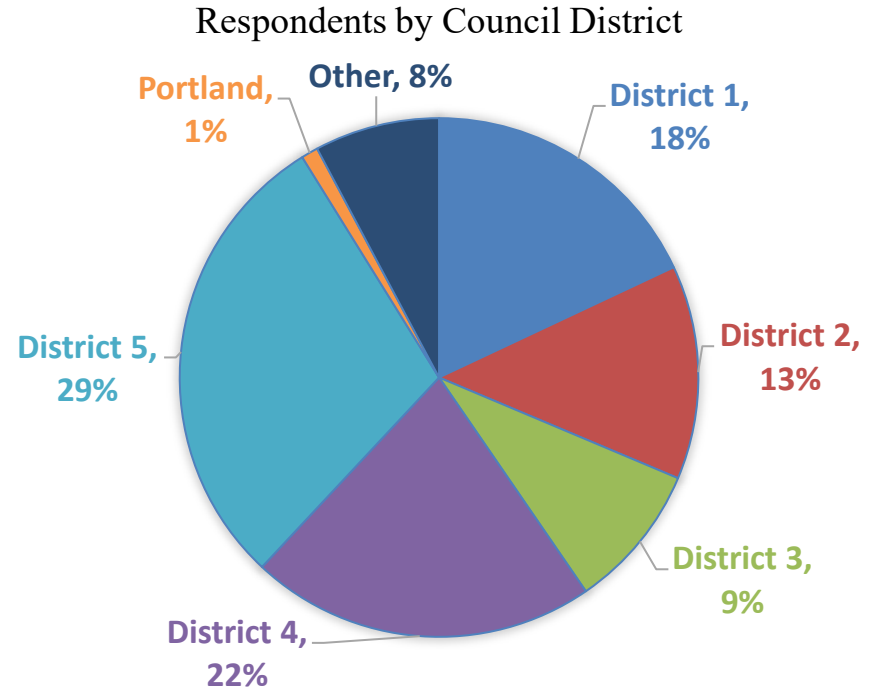
Channel improvements to widen and deepen main channel along centerline of Oso Creek from La Volla Creek confluence to Oso Bay to improve conveyance and provide additional capacity within the high banks of Oso Creek.





Office of Economic Development Survey Results

- Open June 7 - June 23, 2024
- 10 questions total
 - 7 multiple choice/ranking questions
 - 1 residency question
 - 2 open-ended questions to allow for written responses
- 2,200 respondents total
- 93% of all respondents indicated that they are residents of Corpus Christi.

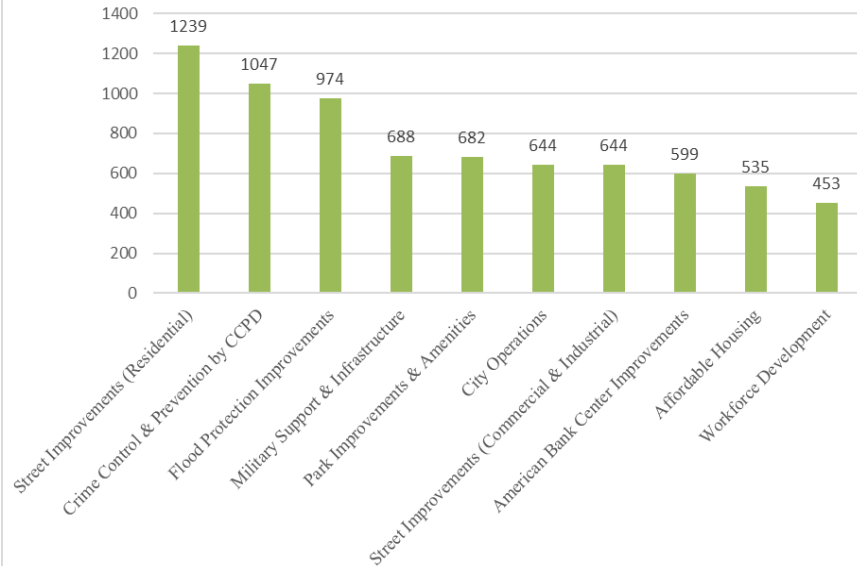




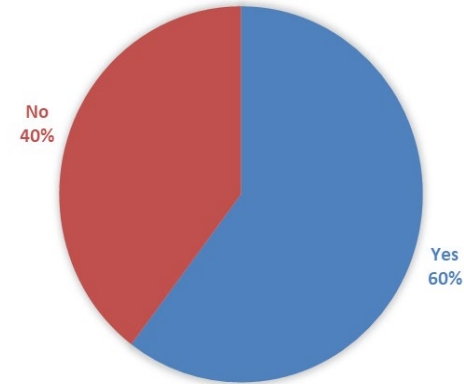
Survey Results

Question 3: How would you prioritize the use of Sales Tax?

Projects Ranked as Highest Priority by Respondents



Question 4: Do you support the use of Sales Tax for Proposed Project #1?



Proposed Project #1: SEA District Facilities including the American Bank Center, the Art Museum of South Texas, the Science & History Museum, the Asian Cultures Museum, the Harbor Playhouse, and the Watergarden.

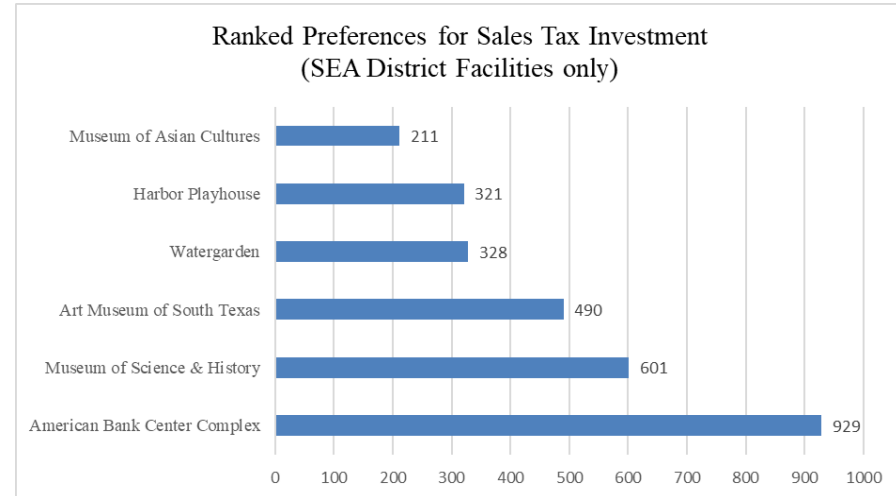


Survey Results

Question 5: In the last year, how many times did you and your family attend an event or visit the following city-owned facilities?

Number of Visits					
City-Owned Facilities	Never	1 Visit	2-5 Visits	6-10 Visits	11 or more visits
American Bank Center Arena, Convention Center, & Selena Auditorium	16%	21%	38%	9%	17%
Art Museum of South Texas	47%	22%	19%	3%	9%
Corpus Christi Museum of Science & History	55%	21%	14%	2%	8%
Harbor Playhouse	67%	20%	11%	1%	1%
Texas State Museum of Asian Cultures	78%	17%	4%	1%	1%
Water Garden	53%	31%	12%	3%	2%

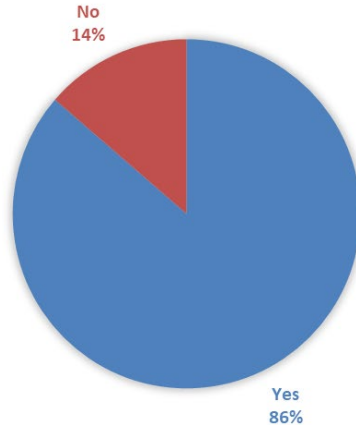
Question 6: Please rank your preference in the investment of sales tax (Proposed Project #1).



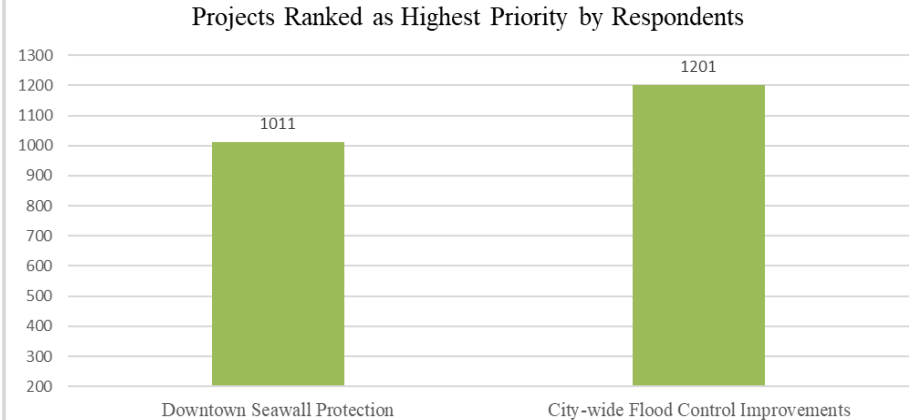


Survey Results

Question 7: Do you support the use of Sales Tax for Proposed Project #2?



Question 8: Please rank your preference for the Proposed Project #2.



Proposed Project #2: Downtown Seawall protection/enhancements and City-wide flood protection.



Calendar and Next Steps

DATE	ACTIVITY
February 27, 2024	Discussion at City Council Meeting to set baseline
March – April 2024	Discussions with Stakeholders and Community Partners
May 8, 2024	City Council Workshop
May 2024	Community Engagement Meetings and Community Survey
June 2024	Refinement of proposed uses for the Sales Tax Reauthorization
June 18, 2024	Presentation to City Council to discuss final recommendation for sales tax uses
June 23, 2024	Citizen Survey Closes
July-August 2024	Continued Community Engagement and Education
July 30, 2024	Presentation & Public Hearing on Sales Tax Reauthorization Projects
August 1, 2024	Special Council Meeting to Establish Projects for Sales Tax Reauthorization
August 13, 2024	Vote to call election for sales tax reauthorization
November 5, 2024	Election Day



Questions, Discussion, and Feedback