

**COUNCIL POLICY 04-07: ALLOCATION OF A PORTION OF CITY’S USE TAX TO  
SUPPORT PROPEL 2040 PROJECTS**

**DISTRIBUTION:** Mayor, City Council and All Departments

**SUBJECT:** Allocation of a portion of City’s Use Tax to support PROPEL 2040 Projects

**PURPOSE:** The purpose of this policy is to formalize the City of Lawton’s commitment to fund PROPEL 2040 projects with a portion of revenue received from the City’s Use Tax that is collected in connection with the sales tax collected for the PROPEL 2040 projects, commencing October 2024.

**BACKGROUND:** On August 27, 2024 the citizens of Lawton approved an ordinance amending the City’s sales tax code, said ordinance levying and extending an existing excise tax of two and one-eighth percent (2.125%) (the “Propel 2040 Sales Tax”) in addition to all other excise taxes assessed and levied by the City of Lawton, Oklahoma and all other taxing authorities, upon the gross proceeds or gross receipts derived from all sales taxable under the sales tax laws of the State of Oklahoma; providing for extending the term of the existing excise tax from terminating on December 2034, to a new termination date ending December 31, 2040, with the exception of a one percent (1.00%) existing excise tax which shall be permanent for an indefinite period; providing that the excise tax levied by the amended Paragraph (D) under Section 10-2-205 of Article 10-2 of Chapter 10, Lawton City Code, 2015, shall be cumulative to all other excise taxes levied by Chapter 10 or any other taxing authority.

The ordinance referred to the aforementioned excise tax as “PROPEL 2040.”

**POLICY AND PROCEDURE:**

In addition to sales tax, the city also has a use tax that is simultaneously collected with all sales tax collections and levied at the same rate as sales taxes levied. City’s use tax is set out in Article 10-8 of Chapter 10 of Lawton City Code.

Section 10-8-802 titled “Levy of use tax – Tax Rate” of Article 10-8, Chapter 10 of Lawton City Code states:

There is hereby levied an excise tax on the storage, use or other consumption within this municipality, and there shall be paid by every person storing, using or otherwise consuming within this municipality, tangible personal property, purchased or brought into this municipality, **at the same rate levied by the city on all sales taxable under the Oklahoma Sales Tax Code** of the purchase price of such property; provided that the tax levied hereunder shall only be assessed against property purchased outside Oklahoma. The tax levied hereunder shall not be levied against tangible personal property intended solely for use outside this municipality, but which is stored in this municipality pending shipment outside this municipality or which is temporarily retained in this municipality for the purpose of fabrication, repair, testing, alteration, maintenance or other similar service. Any person liable for payment of the tax authorized herein, may deduct from such tax any local or municipal sales tax previously paid on such goods or services; provided, that the amount deducted shall not exceed the amount that would have been due if the taxes imposed by the municipality had been levied on the sale of such goods or services. [Emphasis added.]

Section 10-8-804 titled “Purpose of use tax revenues – Disposition of proceeds” of Article 10-8, Chapter 10 of Lawton City Code states:

- A. It is hereby declared that the purpose of this article, and the use tax levied hereunder, is for the provision of revenue for the **support of the general operations of the municipal government of the city**. [Emphasis added.]
- B. All revenues and proceeds derived from the tax levied under this article shall be deposited and credited to the city’s general fund, and thereafter appropriated and expended according to law.

WHEREAS the Lawton City Council has previously adopted Resolution No. 24-126 as a “Resolution of Intent,” which, among other things, outlines the various projects that the city council intends to fund with PROPEL 2040 Sales Tax proceeds. From time to time the city council repeals and replaces its resolution of intent with a new one. This was done on December 10, 2024, when Resolution No. 24-126 was repealed and replaced with Resolution 24-278. The city council finds that projects listed in its various resolutions of intent constitute projects for the support of the general operations of the municipal government of the city.

WHEREAS, the PROPEL 2040 projects were planned to be funded using revenue from both the PROPEL 2040 Sales Tax and the use tax levied and collected in connection with the PROPEL 2040 Sales Tax at the same percentage as the PROPEL 2040 Sales Tax. Without this allocation of a portion of the use tax, there will be insufficient funds for the PROPEL 2040 projects.

NOW THEREFORE BE IT RESOLVED through this policy, the city council hereby directs staff, in addition to allocating to Propel 2040 projects the revenue from the tax of two and one-eighth percent (2.125%) sales tax (the “PROPEL 2040 Sales Tax”) approved by the citizens of Lawton, which is done outside of this policy, to also allocate to Propel 2040 projects the City’s Use Tax that is collected and levied in connection with the PROPEL 2040 Sales Tax collected for the PROPEL 2040 projects at the same percentage as the PROPEL 2040 Sales Tax from the city’s annual use tax revenue. Specifically, it is the intent of this policy that the amounts collected from the use tax levied and collected in connection with the PROPEL 2040 Sales Tax at the same percentage of two and one-eighth percent (2.125%) as the PROPEL 2040 Sales Tax also be allocated to Propel 2040 projects. This directive for use tax allocation shall commence for applicable use tax revenue received beginning October 2024 and continue thereafter until this policy is amended or repealed by city council.

**EXHIBITS:** None

**REFERENCES:** None

**EFFECTIVE DATE:** October 1, 2024

**RESPONSIBLE DEPT:** Finance Department

Approved by the Lawton City Council this \_\_\_\_ day of January, 2025.

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STANLEY BOOKER, MAYOR

Approved as to form and legality this \_\_\_\_ day of January, 2025

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JOHN R. ANDREW, CITY ATTORNEY