

NEW JAIL PROJECT FUNDING CONSIDERATIONS

As of October 29, 2024

COUNTY REVENUE BY THE NUMBERS:

- Property tax revenue has grown between \$ million and \$ million each of the past 12 years, an annual average growth of \$ million per year.
- This growth revenue normally goes into the County's general fund to fund the County's annual budget.

JAIL BEDS & COST:

- Original project estimate in 2022 was \$300 million.
- Today, 1,800 beds cost \$610 million (or \$338,888 per bed);
- 2,400 beds cost \$680 million (or \$283,333 per bed) (a difference of \$55,555 per bed).
- Current detainee count hovers between 1,500 and 1,600.
- Delays in project, primarily caused by pending litigation and not yet having identified sufficient revenue to fund the project, may be expected to:
 - increase costs due to inflation,
 - put ~\$40 million in ARPA funding in jeopardy, and
 - increase risk of DOJ involvement.

BONDS FOR NEW JAIL:

- County voters have approved \$260 million in bonds.
- This amount would build a ~700 bed facility today.
- \$40 million of that has already been spent.
- \$220 million in bond revenue remains.
- A \$390 million shortage remains to build an 1,800 bed jail.
- A \$460 million shortage remains to build a 2,400 bed jail.

ADDITIONAL PROPERTY-TAX-SUPPORTED BONDS:

- County's maximum bonding capacity is \$480 million.
- \$260 million of that max bonding capacity has been used.
- That would leave an additional \$220 million in remaining bonding capacity to cover a \$390 million or \$460 million finding gap.

NEW COUNTY SALES TAX:

- Oklahoma County is the only county without a county sales tax.

TULSA COUNTY BY COMPARISON:

- Tulsa County has two separate sales taxes in place.
 - One supports jail operations.
 - The other is for mental health.
- Both generate \$36 million in revenue annually to operate these services.
- They also included last year an additional \$6 million from their general revenue fund for jail operations.
- That's \$42 million total to operate their jail and mental health services.

OKLAHOMA CITY SALES TAX REVENUE

- Sales tax revenue for the City of Oklahoma City for the month of July 2025, was \$66 million.
- This figure doesn't include sales tax revenue numbers for any other municipalities in Oklahoma County.
- OKC's sales tax rate is four and a quarter.
- Someone mentioned an estimate of 40% of OKC's sales tax revenue is paid by people that do not live in Oklahoma City.

"LOCKBOX" OPTION:

- Calls for committing some or all of the annual property tax revenue growth typically realized each year that normally goes into the County's general fund:
 - That amount this year was \$3.5 million.
 - That amount last year was \$5 million.
- Some have suggested putting ~\$2 million of the annual revenue increase in a "lockbox" to fund bonds for 25 years.
- If the County committed \$2 million per year for 25 years, it would produce \$45 million, far too little. That is only slightly more than the County has spent so far on architects and such.

PUBLIC PRIVATE PARTNERSHIP:

- Basically borrowing money from a private entity.
- If the County were to borrow \$450 million,
- The annual payments would be \$20 million.
- The County's FY25 ~\$130 million budget includes ~\$3.5 million in property tax growth revenue over last FY.
- The County doesn't have an extra \$20 million.

OTHER SUGGESTIONS:

- Adding a fee on tickets has been suggested.

OPERATIONS & MAINTENANCE:

- Additional revenue to operate and maintain a jail is a near certainty.

FRACTIONAL ASSESSMENT INCREASE:

- The State of Oklahoma is a fractional assessment state, meaning we use a percentage of the value of the property for tax purposes.
- The fractional assessment percentage can range anywhere between 11% and 13.5%.
- We currently have a fractional assessment rate of 11%.
 - On a \$100,000 home, that \$100,000 is multiplied by 11% to establish an assessed value on which taxes are calculated.
- Constitutionally, it cannot be increased without a vote of the property owners of Oklahoma County.
- \$8.5 million would be generated if the rate was increased from 11% to 12%.
- Cleveland County's rate is 12%.
- But I just kind of ran some rough numbers this morning that if that were to be asked of the property owners of Oklahoma county on general fund revenue, it would generate about eight and a half million additional money if you raised it from 11% to a 12% ratio, which is what Cleveland county is as well.

DEPARTMENT OF JUSTICE

- It was estimated that if the DOJ forces a jurisdiction to build a jail, it will cost between 50% and 100% more than if the same jurisdiction built a new jail without DOJ involvement.
- Etherington said, If the DOJ comes in, that means it is granted equitable relief, meaning they take over your jail and, effectively, the County's budget.
- Would that be through a consent decree?
- It's not something that goes on the tax rolls.