

More Q & A for the City of Wahoo ½ cent sales tax extension

1. What is the property tax impact if the ½ cent sales tax passes?

There will be no impact to property tax rates in Wahoo because of the ½ cent sales tax if extended.

2. If the sales tax only generates \$500K per year, how is that enough to cover the full investment of \$27.4 million in a new facility?

We know that the sales tax revenue alone is not enough to pay for a \$27.4 million facility. We have projected our sales tax growth at 3.5%, which is a conservative estimate using growth trends over the past 10 years. We are projecting that the sales tax will cover approximately 1/3 of the cost of the debt needed.

3. So, if it will only cover 1/3, how will there be enough money to build the facility?

If this sales tax ballot issue passes, we are planning to go to the voters again to ask for a property tax commitment. A future ballot issue will likely ask two questions: 1) shall we construct a new facility, and 2) can we commit property tax for a bond? (See also Question 11 below)

4. So why are you asking for this sales tax extension now if you don't know how the rest of the facility will be paid for other than property taxes?

There are a couple reasons. First, if the sales tax ballot issue passes, we can use that as a sign that the community is in favor of this project. That is important because it serves as a local commitment when applying for grants or other funding mechanisms. Most grants require a local match – typically anywhere from 20% to 50% of what we are applying for. It also shows potential donors that the community is behind the project and sees the value of a new facility. Second, this ½ cent sales tax (the “last ½ cent” as it is often referred to in statutes), can only be on the ballot in primary or general elections. This is why we entered into the interlocal agreement with the County (See also Question 8). As limited in Nebraska Statutes, this “last ½ cent sales tax” can only be put on the ballot for consideration at a primary or general election. City leaders have been discussing this project for a while, and have been having conversations across the community with folks. We believe there is an interest in having this facility move forward and felt getting a re-authorization of the ½ cent sales tax now, vs. in two years, would help ensure the vision is in line and the Council is pointed in the right direction.

5. If this is an extension of a current ½ cent sales tax, what is it currently being used for?

When the State of Nebraska constructed the Expressway around Wahoo, they indicated they would relinquish the old highway route (Chestnut Street) to the City of Wahoo to take care of. Leaders (and many citizens) supported the idea that the road needed a major overhaul. So that is what was done. The City developed a plan, and thanks to the Saunders County Board of Supervisors who agreed to an interlocal agreement at that time, we asked the voters for approval of the ½ cent sales tax. When it passed we were able to pledge that anticipated revenue to pay bonds we needed to issue to do the re-construction work. That was passed in May 2018, and the ½ cent sales tax went into effect on January 1, 2019. Final debt for the project was issued in 2021, as 15-year bonds. These bonds are sent to be paid

off in 2036. However, because the revenue from these collections has grown faster than we expected, we believe we could pay off those bonds in full in 2029 or early 2030 – between 6 to 7 years early.

6. Why don't we just keep collecting that ½ cent sales tax until we have enough to pay off those bonds, and then let it expire and go away?

We could do that. Revenues have been coming in more strongly than what is needed to make the semi-annual debt service payments. And that surplus amount is being invested. As stated above, the bonds were issued in 2021. If you recall that time, debt was at an all-time low interest rate. Our average cost of borrowing for that debt was 1.35%! Over 15 years! Today we are investing our surplus at a rate of just over 4%, so we are making money on this surplus... currently about \$40,000 per year. This interest has not been and will not be diverted to anything other than to pay off the debt for the Chestnut Street Project as was approved by the voters in May 2018. If this debt is paid off, this ½ cent sales tax expires, and so long as the State of Nebraska doesn't change their sales tax rate, the rate charged in Wahoo would drop to 7% vs. the current 7.5%.

7. So again, why is the City asking for the voters to extend this now?

If we want this Recreation Center project to move forward, we will need this ½ cent sales tax to help pay for it. So just for conversation, assume the sales tax is extended and grants and donations come through, a property tax amount is approved by the voters... and we are ready to move forward with construction. In order to do the construction we will need to borrow money. If we are able to use the surplus we have collected and invested to pay for some of the upfront costs, this will be a savings in the overall cost of the project. Today's borrowing rates are higher than what we were able to borrow at in 2021 and because of that we are investing our surplus at a rate that is higher than we borrowed at in 2021. So if we are doing this recreation center project, why would we want to pay off the low interest rate debt early, if we are going to turn around and borrow money again – but at a higher rate. Authorizing the extension of this ½ cent sales tax now allows us to lock in investments longer term – at a higher interest rate or cover some of the upfront costs such as the planning and design work needed before actual construction without borrowing any money. If we are doing this project, it does not make financial sense to pay off cheap debt early to turn around and issue more expensive debt. But be clear, if the sales tax ballot extension fails, there will not be new debt issued and the low interest debt will be paid off.

8. Can you explain the interlocal agreement with the County?

As has been mentioned, the City entered into an interlocal agreement with the County regarding this ½ cent sales tax. It's important to understand a few things about this agreement. First, this is nearly the same interlocal agreement that the City entered into with the County before the ballot question went to the voters in May 2018. Second, the only way this “last ½ cent sales tax” can be available to municipalities to use for projects is to have a partnership with another political subdivision. (See: [NE Rev Statutes §77-27,142](#)) This was unanimously approved (both times – in May 2018 and in August 2026) by both the Saunders County Board of Supervisors and the City Council. Projects like the Chestnut Street Project and the Wahoo Recreation Center Project are not just good for Wahoo, they are good for Saunders County. When Wahoo grows so does Saunders County. Projects like the replacement of Chestnut Street and this proposed Wahoo Recreation Center are good for not just Wahoo, they are provide meaningful

access and services to folks who live outside Wahoo City Limits. The interlocal agreement simply gives the City of Wahoo the opportunity to put the sales tax question on the ballot and let the Wahoo voters decide if it makes sense to have people who use the roads or facility in Wahoo, and who spend their money in Wahoo, help pay for these projects. There are two alternatives to using this revenue option: 1 – just don't make the investment – meaning don't improve the road or don't build the facility, or 2 – do make the investment – build the road, build the facility – but pay for it with only the revenue generated from the tax payers of Wahoo.

9. Just so I understand – if I live in Saunders County but not within the city limits of Wahoo, will my property taxes be impacted?

The short answer is no. The long answer is no. The City of Wahoo does not have the ability to levy a property tax on property located outside of Wahoo City Limits. Only the Saunders County Board of Supervisors have the ability to levy a property tax on those areas (as well as within Wahoo City Limits because we are Saunders County residents as well).

10. And if I live in Saunders County but not within the city limits of Wahoo, how does this sales tax issue impact me?

Sales tax is calculated based on the location you take possession of the good or service you have purchased. So, if you come to Wahoo and buy your laundry soap at Dollar General, for example, you currently pay Wahoo City Sales Tax of 2% and state sales tax of 5.5%. (If this sales tax extension passes nothing changes. The 2% stays 2%.) But if you live outside of Wahoo City Limits and buy your laundry soap from Amazon and it is delivered to your door, you do not pay Wahoo City Sales Tax of 2%. You only pay state sales tax of 5.5%. City leaders believe an updated recreation center will draw those outside of corporate limits to our community, where they will likely spend money, and thus (if this sales tax issue is passed) help pay for the facility.

11. If this sales tax extension passes, will there be something more we (residents of Wahoo) will have to pay to get this facility?

Likely yes. Securing the ½ cent sales tax is only the first step. As described above, we know more funding streams will be needed. Earlier this summer the City of Wahoo worked with our bonding agent and did some projections. Here are the facts:

- We assumed sales tax revenue would increase by 3.5% each year. This is less than our historic trend, but we wanted to be conservative.
- We assumed our property tax valuation would increase by 3.5% each year. Again, this is pretty on course, but conservative.
- The assumed interest rate at the time we ran this scenario was 4.5%.
- Bonds would be 25-year bonds, with semi-annual payments.
- The scenario assumed no other revenue stream – such as grants or private donations – would be secured.
- With no other revenues included (besides the sales tax), we estimated the property tax levy per \$100 of value would be between \$.12 and \$.13. We believe this is the worst-case scenario.

With no other funding sources (besides property tax and sales tax) we know this is a lot. But going back to an earlier question, we need the local commitment for this project to be able to pursue those other funding opportunities that will help lower what would be needed from Wahoo property taxpayers to make this vision a reality. Sales tax is Step 1. Pursuing other revenue sources is Step 2. Taking the property tax question back to the voters – with an amount not to exceed or a specific \$0.XX per \$100 of value – will be Step 3. But in all honesty, we need a local vote of confidence in this project to pursue other funding opportunities. Step 1 has been our focus because without getting past this point there is no further conversation on this project.

12. What happens if the ½ cent sales tax extension we are voting on in November does not pass?

If this does not pass in November, City leaders will go back to the drawing board and determine the best route to pursue. Currently there is not a Plan B.

13. If the sales tax extension passes in November, you're telling me that I will get to vote on the new facility again, likely in the Spring of 2027?

Yes. A couple important things for you to know: If the sales tax passes in November, that does not mean we will begin building a new recreation center. It means we have moved one step forward. The next step will be working to secure any additional funding, and holding a special election to put a two-fold question out to our Wahoo residents – do you want this facility? And can we issue bonds that are secured with a property tax levy? If Wahoo voters say no to that, then the facility doesn't happen and we go back to the drawing board.

14. If the sales tax passes and then a special election does not, then what?

As stated above, we do not currently have a Plan B. The language in the November ballot does state that the sales tax extension could be used for infrastructure, but it is targeted for a recreation facility. If the sales tax question passed, but a future bond issue did not pass, the City Council would ultimately have the ability to determine what project the sales tax could be used for that fits in the parameters of the sales tax question. If you read the ballot language, which can be found on page 2 of the sales tax info flyer on our website ([Sales Tax Flyer](#)), you will see it is a LONG explanation. The question is easy – YES or NO, but the explanation is long. If you read it and have questions, please reach out.

15. What is included in the \$27.4 million estimate and where did that come from?

City leaders and staff worked with JEO Consulting Group to develop the conceptual plan for this facility. With that they developed an opinion of cost. They used their professional expertise and experience to determine a cost for the proposed facility. Points to know:

- The cost includes the facility, parking, and infrastructure. It does not include the Field House that was shown in the renderings on the south of the building.
- The cost does include a contingency for inflation or minor cost overruns.
- The cost does not include the land. However, at the October 13, 2026 Council meeting a formal donation agreement for the donation of 10+ acres was approved. ([Donation Agreement](#)). The City has until 2030 to build a recreation center in this location and if not, the donation agreement is no longer valid.

- It does not include soft costs such as furniture or weight room equipment.
- It does not include the cost of the 10th Street Access bridge. But, in February 2026 City staff submitted an application to our Federal delegates for community directed congressional spending. Our project was supported by both Congressman Don Bacon and Senator Deb Fisher. This project is working through the Federal obligation process which will not be finalized until after the November election.

Title: West 10th Street Extension & Bridge Project

Proposed recipient: City of Wahoo - 608 N. Linden St. Suite B, Wahoo, NE 68066

Amount Requested: \$3,177,440

Subcommittee: THUD - Highway

Explanation: The West 10th Street Extension & Bridge Project will construct a new local roadway connection by extending West 10th Street westward over Dry Run Creek into the developing area east of U.S. Highway 77. Currently, the west-side development area is served by only one access point via 15th Street. This project will establish a critical second all-weather access route, significantly improving safety, redundancy, and mobility.

<https://bacon.house.gov/resources/community-funding-projects.htm>

Project Name: West 10th Street Extension and Bridge Project

Member Name: Senator Deb Fischer, Nebraska

Recipient Name: Nebraska Department of Transportation

Project Description: Construct new roadway and bridge

Project Location: Wahoo, Nebraska

Amount Requested: \$3,178,000

<https://www.fischer.senate.gov/public/index.cfm/cds-request>

16. If I have more questions, who do I call?

Please contact Kevin Stuhr at the Wahoo Civic Center (402-443-4174) or Melissa Harrell at City Hall (402-443-3222), or contact your local City Council member. [Listing of Council Members](#)