



CITY COUNCIL COMMUNICATION

DATE: October 6, 2025

FROM: Clayton Gray, Chief Financial Officer

AGENDA ITEM: Consideration and possible action authorizing the City Manager to execute an Assignment of Right To Refund to Wagon Master RVP Holdings LLP to request a refund of state sales taxes from the Texas Comptroller.

SUMMARY:

- In Texas, residential electricity consumption is exempt from the 6.25% state sales tax. However, municipalities such as Sanger that adopted a local sales tax prior to October 1, 1979, may impose an additional 2.00% local sales tax. Commercial customers are subject to the full 8.25% sales tax on electricity usage.
- Wagon Master RVP Holdings LLC has retained Big Fish Consulting to pursue a refund and sales tax exemption, asserting that its electricity usage qualifies under the residential use provisions. Recreational vehicle parks may be eligible for an exemption from the 6.25% state sales tax if a predominant use study demonstrates that a majority of tenants occupy spaces under lease agreements exceeding 29 consecutive days.
- Although the City has requested a predominant use study, Wagon Master has not yet provided one. The City's legal counsel has advised that the City should assign its refund rights to Wagon Master as the purchaser, allowing Wagon Master to pursue the refund of the 6.25% state sales tax directly from the State Comptroller.

FISCAL INFORMATION:

- There is no financial impact from this item.

RECOMMENDED MOTION OR ACTION:

Staff recommends approval.

ATTACHMENTS:

- Assignment of Right to Refund form
- Legal opinion letter on sales tax exemption