



Estimating Edmond's Lost Sales Tax Revenue from Residents Shopping in OKC

Overview: Edmond's Sales Tax Reliance and Retail Leakage

Edmond's Tax Structure: Edmond has no municipal property tax, so city operations rely heavily on sales tax revenue. Of the 8.25% sales tax on purchases within Edmond, the City receives 3.75% (the rest goes to the State of Oklahoma) ¹. These funds pay for core services like police, fire, parks, and streets ². Crucially, **Edmond only collects sales tax on purchases made inside its city limits** – any shopping done outside (even by Edmond residents) yields zero revenue for Edmond ³. This means when Edmond residents drive to Oklahoma City (OKC) to shop, dine, or be entertained, **Edmond loses that 3.75% municipal tax revenue** on those transactions.

Retail Leakage to OKC: Edmond is part of the Oklahoma City metro, and many residents naturally gravitate to OKC's larger retail and entertainment offerings. City leaders openly discuss the problem of "sales tax leakage" – local dollars being spent in adjacent communities like OKC ⁴. In fact, Edmond's mayoral candidates have emphasized developing retail along the I-35 corridor (at Edmond's southern edge) specifically to **stop sales tax leakage into Oklahoma City** ⁴. The logic is simple: every dollar an Edmond resident spends in OKC is a dollar from which Edmond gets no benefit, essentially an opportunity cost to Edmond's budget.

Recent Trends (Last Two Years): Over 2023–2024, Edmond's sales data show the challenge of retaining local spending. For example, general merchandise stores in Edmond saw **city tax receipts drop from about \$18.18 million in 2023 to \$15.48 million in 2024** ⁵. That ~15% decline suggests residents may be shifting some of their department store and big-box shopping to alternatives – **whether driving to OKC retailers or buying online**. Edmond's overall taxable retail sales in calendar year 2024 were about \$1.724 billion (producing \$64.7M in city sales tax for Edmond) ⁶, slightly down from 2023. This slight dip **indicates leakage may have worsened recently**, as local growth didn't fully keep up with residents' spending potential.

Commuting Patterns and Spending Shifts

Edmond is largely a commuter suburb: a sizable number of residents work in Oklahoma City or at Tinker AFB ⁷. The average commute for Northeast Oklahoma County (which includes Edmond) is about 23–24 minutes ⁸ – essentially the drive to

downtown OKC. These daily out-of-town commutes have a direct impact on spending patterns:

- *Workday Spending in OKC:* Many Edmond residents spend money near their workplaces in OKC – buying coffee or breakfast on the way in, eating lunch at OKC restaurants, stopping for groceries or gas on the way home, etc. Individually these are small purchases, but collectively they represent a large shift of retail activity (and tax revenue) out of Edmond. For example, if 10,000 Edmond commuters spend an average of \$10 each per workday in OKC (on lunch, snacks, fuel, etc.), **that's about \$25 million per year** in taxable sales taking place outside Edmond. At Edmond's 3.75% rate, that equates to **nearly \$0.94 million in lost Edmond tax revenue annually** that instead goes into OKC's coffers. In reality, likely well over 10k Edmond residents commute, and many spend more than \$10 – so the actual impact from commuter spending is probably **several million dollars of Edmond tax lost each year** just from daily routines.
- *Evening/Weekend Outflow:* Outside of work, Edmond residents often drive to OKC for amenities that Edmond lacks. This includes **entertainment and dining** – for instance, going to a Thunder basketball game or a concert in downtown OKC, enjoying nightlife in Bricktown, or dining at trendy Oklahoma City restaurants. Every such trip means Edmond residents' dollars are supporting OKC's sales tax base rather than Edmond's. City officials in OKC explicitly encourage this, noting that "in Oklahoma, it really matters where you spend your tax dollars" and urging people to shop within OKC limits to fund OKC services ⁹. For Edmond, the flip side is painfully true – dollars spent in OKC are dollars not funding Edmond's needs.

Static Population Behavior: Even when not commuting, Edmond residents sometimes choose OKC by preference – e.g. shopping at a specialty store or mall in OKC for greater selection. Edmond has numerous local retailers, but it cannot match the variety of a much larger city. As a result, **Edmond experiences retail leakage in many categories where residents leave town** to find options or prices they prefer. Edmond's own Economic Development Authority tracks this by monitoring "high levels of leakage outside city limits" in certain store categories and recruiting new retailers to plug those gaps ¹⁰. A recent success was attracting new stores (like the Painted Tree boutique and other big retailers) to Edmond, which helped recapture some spending that was previously going to OKC or beyond. Still, significant leakage remains, as detailed by category below.

The Role of Online Shopping

Online vs. Local Purchases: In the last two years, online shopping behavior has further altered Edmond's retail landscape. Importantly, **online purchases delivered to Edmond addresses do collect Edmond's 3.75% sales tax in most cases**, due to changes in law after the 2018 Wayfair Supreme Court decision. So an Edmond resident

ordering from Amazon or Walmart.com for home delivery still contributes to Edmond's tax revenue (classified as "use tax"). In fact, Edmond's use tax collections (a proxy for online/out-of-town purchases shipped to Edmond) **jumped ~10% in early 2025 vs. early 2024** ¹¹, even as local point-of-sale retail tax was down ~5% ¹². This suggests **more residents are shopping online** – shifting how they spend, but not necessarily causing tax revenue loss to Edmond if those goods ship to their Edmond homes.

However, online shopping can still contribute to local revenue loss in indirect ways:

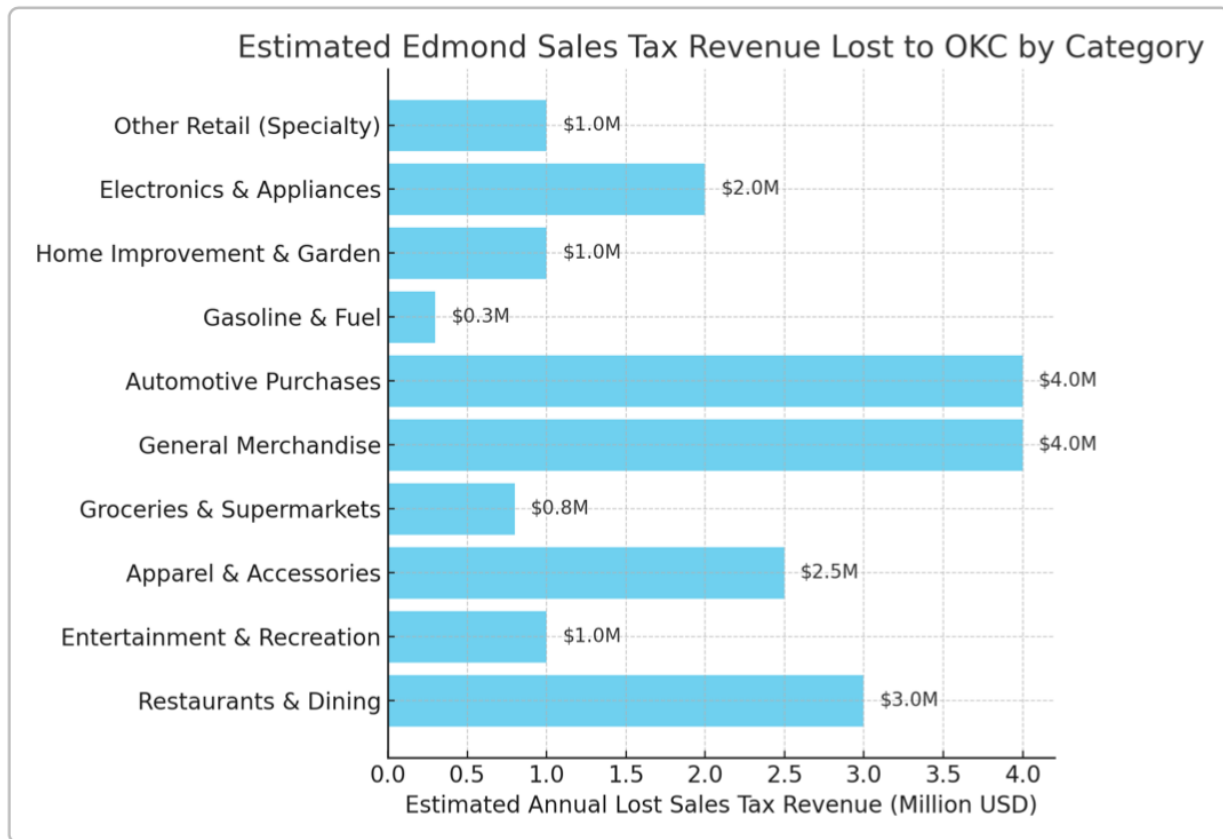
- If residents buy online *instead of* at an Edmond brick-and-mortar store, Edmond still gets the tax dollars (via use tax) but the local store loses the sale – potentially hurting Edmond's business climate. Over time, that can lead to store closures and fewer local options, which does drive more leakage. The recent decline in Edmond's general merchandise store sales could partly reflect such a shift to online ¹³.
- There have been cases of **confusion in tax collection** – for example, when Oklahoma eliminated the state portion of grocery sales tax in 2024, some online and big-box retailers mistakenly stopped charging *local city tax* on groceries ¹⁴. Oklahoma City discovered \$1.4M in uncollected local grocery tax due to this error ¹⁵, and Edmond officials suspect a similar shortfall in their own receipts ¹⁶. Such glitches mean some online (or large-chain) transactions may temporarily slip through without remitting Edmond's 3.75%. The city is working with the Tax Commission to resolve these issues ¹⁶, but it highlights that **not all online sales tax makes it to the city as it should**.
- If an Edmond resident shops online but chooses **store pickup in Oklahoma City**, the sale is recorded in OKC (since that's where possession is taken). For instance, buying a product on a retailer's website and picking it up at an OKC store will credit the local tax to OKC, not Edmond. Similarly, ordering food via an app for pickup at an OKC restaurant, or using delivery services based in OKC, can divert the tax to OKC. These nuances of e-commerce can contribute to Edmond's leakage in a way that isn't always obvious.

In summary, **online shopping has been a double-edged sword**: it has eroded some in-person sales at Edmond stores (making residents more willing to buy from non-Edmond vendors), but thanks to destination-based tax laws, Edmond often still gets the tax revenue if the goods come to an Edmond address. The major concern for Edmond is when online shopping or local shopping results in purchases physically taking place outside city limits – those are the instances truly hurting Edmond's tax base.

Lost Sales Tax Revenue by Category (Top 10 Sectors)

Using available data and observed behavior, we can estimate **Edmond's annual municipal sales tax revenue lost** to Oklahoma City by category. The chart below

summarizes the approximate **3.75% sales tax loss** for the top 10 spending categories where Edmond residents commonly shop in OKC (either in-person or via commuting/online behaviors):



Estimated annual City of Edmond sales tax revenue lost to Oklahoma City, by major category (in millions of USD). These estimates assume typical leakage rates for Edmond residents' spending in each category, based on Edmond's actual sales tax collections and known shopping patterns. For instance, Edmond's limited auto dealerships lead to high vehicle-purchase leakage, while grocery leakage is low since most buy food locally. (Chart is for Edmond's 3.75% municipal tax only.)

As shown above, **automotive purchases and general merchandise are the largest sources of lost revenue**, each accounting for roughly ~\$4 million in Edmond's tax receipts per year that bleed into OKC. Below is a detailed breakdown of each category:

- **Restaurants & Dining:** Edmond has a strong local restaurant scene (the city collected about **\$12.9M in restaurant taxes in 2024**, reflecting over \$340M of local dining sales) ¹⁷. However, residents who work in OKC often eat lunch there, and many seek out nightlife or unique eateries in OKC on weekends. We estimate ~20% of Edmond residents' dining spend occurs outside Edmond. This translates to roughly **\$80–90 million in annual restaurant sales** taking place in OKC instead of Edmond, costing Edmond on the order of **\$3 million per year** in lost tax

revenue. In other words, Edmond likely misses out on a few million in funding because its residents patronize OKC bars, cafés, and eateries for convenience and variety.

- **Entertainment & Recreation:** This category includes movie theaters, concerts, sporting events, museums, and other paid entertainment. Edmond has some venues, but many residents travel to OKC for major entertainment – e.g. NBA games, concerts at Paycom Center, the OKC Zoo, Scissortail Park events, etc. Virtually all the ticket and concession taxes from those activities go to OKC. We estimate the vast majority **(60–70%) of Edmond households’ entertainment spending occurs outside Edmond**, given the draw of big-city attractions. This could amount to ~\$30–40M in annual entertainment expenditures leaking out, which at 3.75% means roughly **\$1+ million in lost Edmond tax each year**. (For perspective, if just 5% of Thunder game attendees are Edmond residents, their ticket purchases alone might generate over \$50,000 in OKC taxes that Edmond forfeits.)
- **Apparel & Accessories:** Edmond lacks a large shopping mall, so residents often head to places like Penn Square Mall, OKC Outlets, or boutique districts in OKC for clothing, shoes, and accessories. In 2024 Edmond collected only **\$2.6M in sales tax from clothing stores** ¹⁸, indicating about \$69 million in apparel sales in Edmond – a modest figure for a city of ~100k with above-average income. It’s likely that a substantial portion (we estimate ~50%) of Edmond residents’ apparel purchases happen outside Edmond (either in OKC stores or via online retailers based outside). If, say, another ~\$70 million in clothing sales by Edmond residents occur in OKC, Edmond loses out on **approximately \$2.6–3 million** in annual tax. This apparel leakage is evident whenever Edmond shoppers flock to OKC malls for back-to-school shopping or seek luxury brands not available locally.
- **Groceries & Supermarkets:** Grocery shopping tends to be local, and Edmond has numerous supermarkets (including homegrown chains like Crest Foods, plus Walmart Neighborhood Markets, etc.). Edmond’s grocery and liquor stores generated **\$9.8M in city tax in 2024** ¹⁹, implying over \$260 million in grocery sales within Edmond. We estimate only a small share (~10%) of grocery spending leaks out – mostly to specialty markets in OKC (e.g. Whole Foods, Trader Joe’s) or big-box clubs. Costco is a factor here: there is no Costco in Edmond, so many residents drive to OKC’s Costco for bulk groceries and household goods. Still, because everyday groceries are convenient to buy near home, the **lost Edmond revenue on groceries is relatively low – roughly \$0.8–1.2M/year** (perhaps \$30M of annual grocery sales that occur outside Edmond). One recent complication was the state grocery tax change in late 2024; local grocery tax was supposed to remain, but confusion led some retailers to stop charging city tax ¹⁴, temporarily reducing Edmond’s collections. Edmond is working to recoup that ¹⁶, but it underscores how crucial every bit of grocery tax is to the city.

- General Merchandise (Department Stores & Big-Box Retail):** This category covers large multi- category retailers (e.g. Walmart, Target, Sam's Club, department stores). Edmond does have several big-box stores and collected **\$15.5M in tax from general merchandise in 2024** ¹³. Notably, this was down from the prior year – \$18.2M in 2023 ¹³ – suggesting some spending shifted away. A key leakage in this category is **Costco**: many Edmond households shop at the Costco in north OKC (since Edmond has none), contributing sizable sales tax to OKC. Additionally, some Edmond residents may prefer the broader selection at OKC's Super Walmart or Target stores (though Edmond has its own, certain flagships like Apple Store or higher-end department stores are only in OKC). We estimate perhaps **25–30% of general merchandise spending by Edmond residents happens outside Edmond**. That could be around \$100–130M in annual sales leaking, costing Edmond roughly **\$4 million per year in lost tax**. This is one of the largest chunks of lost revenue. Every time an Edmond family chooses to do a big shopping run in OKC – whether for holiday gifts at an OKC mall or bulk buys at Costco – Edmond's general fund misses out.
- Automotive Purchases (Vehicles & Parts):** Big-ticket purchases like automobiles are a major source of tax leakage for Edmond. Car sales carry significant sales tax, but Edmond has only a few dealerships (and limited brands) within city limits. Many residents buy cars from the broad selection of dealerships along OKC's Broadway Extension and Memorial Road (auto rows in OKC), or even in Norman or elsewhere. In 2024, **Edmond collected just \$2.48M in sales tax from auto dealers/ parts** ²⁰ – equivalent to about \$66 million in vehicle sales in Edmond. Given Edmond's high incomes and population, residents likely spend several times that amount on vehicles annually (possibly \$150–200M+ worth of cars, trucks, and boats). We estimate **at least two-thirds of Edmond residents' auto purchases occur outside Edmond**. Consequently, Edmond probably loses on the order of **\$4–5 million each year** in potential tax from vehicle sales that are made at OKC dealerships. For example, if an Edmond family buys a \$40,000 SUV at a dealer in Oklahoma City, the city share of tax (~\$1,500 at OKC's 4.125% rate) all goes to OKC – none to Edmond. Edmond does charge "use tax" on vehicle registrations if purchased out-of-town, but Oklahoma's system may not fully make up the difference. In any case, automotive-related leakage is clearly significant, and Edmond's officials are aware: attracting dealerships has been part of the strategy to keep those dollars local.
- Gasoline & Fuel:** Fuel sales are another daily expense that often happens outside Edmond due to commuting. Edmond gas stations collected only about **\$0.88M in city tax in 2024** ²¹, implying ~\$23.5M in fuel sold in Edmond. With so many Edmond residents driving to OKC for work (and gas prices sometimes cheaper in OKC), a considerable share of fuel is purchased outside city limits. We estimate perhaps ~25% of Edmond motorists' fuel purchases occur in OKC or along the commute. That might equal ~\$8–10M in annual gasoline sales not happening in Edmond, translating to roughly **\$0.3 million in lost Edmond tax revenue** each year. While this is smaller in absolute terms than other categories, it's essentially a

permanent leakage so long as people commute – every fill-up at an OKC gas station is a few dollars Edmond doesn't get. Over a year, the cumulative effect is noticeable (on the order of a few hundred thousand dollars that could have helped pave roads or fund services in Edmond).

- **Home Improvement & Garden (Building Materials):** Edmond has several home improvement stores (e.g. Lowe's), but residents doing large projects may sometimes shop outside (for instance, at Home Depot or specialty suppliers in OKC if looking for certain materials). In 2024 Edmond's hardware/building material stores generated **\$9.12M in city tax** ¹⁹, so local home improvement sales are strong. Leakage here might be moderate – we assume maybe ~10–15% of spending goes to out-of-town suppliers or contractors. This could result in roughly **\$1 million per year** of Edmond tax loss (perhaps \$30–40M in annual purchases like lumber, appliances, landscaping supplies happening in OKC). Additionally, big-ticket home goods like furniture can be a leakage point: Edmond has some furniture stores but many shoppers visit OKC's furniture showrooms or Ikea (in OKC) for variety. Edmond's combined "Furniture/Home Furnishings/Electronics" category brought in about \$3.75 M city tax in 2024 ²², indicating local sales near \$100 M. We suspect a significant portion of furniture spending – high-end or specialty items – leaves Edmond. Combined with building materials, the **home-related categories likely cost Edmond on the order of \$1–2M in tax annually** due to residents patronizing OKC stores for certain products or greater selection.
- **Electronics & Appliances:** For consumer electronics (TVs, computers, etc.) and appliances, Edmond residents often travel to OKC because key retailers are located there. For instance, **Best Buy is in OKC, not Edmond**, so any big electronics purchase (a \$1,500 TV, a new laptop) at Best Buy sends local tax to OKC. Similarly, appliance retailers and specialty electronics stores are mostly in OKC. While many electronics are bought online (with Edmond still getting tax on delivered items), some prefer in-store shopping or need something immediately and drive to OKC. Edmond's local collections from this category are included in the \$3.75M figure with furniture (as noted above) ²², which likely understates residents' total spending. We estimate that at least **30–40% of Edmond consumer electronics/appliance spending takes place outside Edmond**, leading to roughly \$2 million per year in lost Edmond taxes. Every time an Edmond household goes to OKC to buy the latest iPhone, a gaming console, or a kitchen appliance, a portion of their payment (the sales tax) strengthens OKC's budget instead of Edmond's.
- **"Other" Specialty Retail:** This encompasses miscellaneous retail categories such as sporting goods, hobbies, books, office supplies, pet supplies, florists, cosmetics/pharmacy, etc. Edmond has retailers in these areas, but there is still leakage. For example, if an Edmond family wants a particular sporting goods item, they might go to a larger Dick's or Academy Sports in OKC (if Edmond's options are limited). Or they might visit OKC's large pet superstores, music instrument shops, or specialty bookstores. Likewise, some pharmacy/health and beauty

spending shifts to OKC, especially if people fill prescriptions near work or visit niche cosmetic stores in OKC. Edmond's "sporting goods, hobby, book, etc." retailers generated about **\$4.39M in tax in 2024**¹⁸ and its **pharmacies/health stores about \$1.95M**²¹. These are decent local numbers, but given Edmond's demographics, residents likely spend considerably more in total. We assume perhaps 20% of specialty retail expenditures are leaking out. That would equate to roughly **\$30–40M in annual sales** outside, costing Edmond on the order of **\$1–1.5M in lost tax revenue** each year. Examples include Edmond residents buying sporting equipment in OKC, attending hobbyist conventions or shops in the city, or simply doing their personal shopping at OKC stores while they're in town for other reasons.

Each category above shows a piece of the puzzle. Individually, some losses seem small, but together they add up substantially. Our estimates indicate Edmond likely forgoes on the order of **\$15–\$20 million in municipal sales tax each year** due to residents shopping and dining in Oklahoma City instead of at home.

That is a significant sum – **roughly 25–30% of Edmond's potential sales tax base is leaking out**. It's money that could otherwise fund additional firefighters, road repairs, park improvements, and other services for Edmond residents.

Visualizing the Impact

To put the category breakdown in perspective, the pie chart below illustrates each category's share of the total estimated lost revenue:

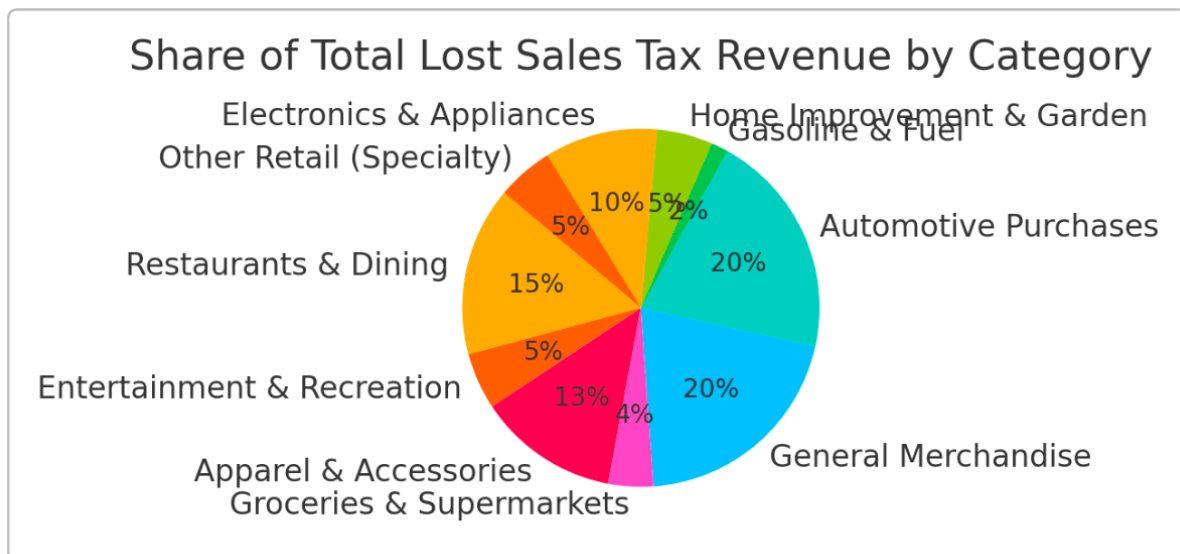
Approximate share of Edmond's total lost sales tax revenue by category. Automotive and General Merchandise make up the largest pieces (around 20% each) of Edmond's leakage, followed by Restaurants (~15%) and Apparel (~13%). Entertainment, groceries, home improvement, electronics, and other retail categories constitute smaller slices. This shows that a few key sectors (cars and big retail stores) account for a disproportionate share of Edmond's tax revenue loss to OKC.

Automotive and general retail stand out as the biggest opportunities for Edmond to recapture revenue. It's no surprise that city leaders focus on attracting car dealerships, big-box stores, and shopping centers to Edmond – the goal is to keep those high-spending categories in town. As one candidate noted, Edmond's I-35 frontage is ideal for developing retail that can **"invite people who drive through our city to stop and spend their money with us"** instead of continuing down to OKC⁴.

Conclusions and Outlook

Over the past two years, Edmond's data and our analysis paint a consistent picture: **millions of dollars in sales tax revenue are effectively "left on the table" each year**

due to Edmond residents shopping in Oklahoma City. Both in-person behavior (commuters spending money near work, or families seeking variety in OKC's malls and venues) and the rise of online shopping have contributed to this shift in spending. Edmond's own sales tax collections by category confirm areas of relative weakness (e.g. low auto and apparel sales, indicating likely outflow) and even show recent declines in key sectors ¹³, while use-tax gains hint at more online buying filling some gaps ²³.



From restaurants to cars to clothing, we identified the top 10 categories driving Edmond's tax leakage and estimated the revenue Edmond loses in each. The largest losses come from vehicle sales, general merchandise stores, restaurants, and apparel, but every category has some degree of leakage – even groceries and fuel. Day by day, these choices aggregate into a sizeable revenue gap. The City of Edmond is well aware of this dependency: campaigns like “Shop Edmond” explicitly remind residents that **“purchases made outside...will not contribute any sales tax revenue to our community.”** ³ The past two years have even brought technical challenges (like the grocery tax confusion) that temporarily widened the gap^{14 16}, underscoring the need for constant vigilance in tax collection.

On the positive side, Edmond continues to grow and attract new businesses. **Reducing this revenue loss is possible if Edmond can offer more of the shopping and entertainment options its residents currently seek in OKC.** Every new store or venue in Edmond has the potential to pull some spending back (as seen when new grocery and retail options opened, easing prior “high leakage” categories ¹⁰). Additionally, as remote work and changing habits keep some residents closer to home, Edmond could retain more weekday spending that used to occur near OKC offices.

In summary, the **City of Edmond likely loses on the order of \$15–\$20 million in sales tax revenue each year to Oklahoma City** due to its residents' out-of-town spending, based on the 3.75% municipal tax rate. This loss is spread across many

categories, with the top 10 (restaurants, entertainment, apparel, groceries, general merchandise, automotive, gas, home improvement, electronics, and specialty retail) accounting for the bulk of it. Visualization of the data shows the biggest leakage areas clearly – notably cars and general retail – which aligns with Edmond’s strategic focus on expanding those sectors locally. By analyzing static resident behavior and daily commuting patterns, we see that both leisure shopping and work-related habits contribute to the shift. Edmond’s challenge moving forward is to recapture as much of this “lost” revenue as possible by giving its residents (and even passersby on I-35) reasons to **shop, dine, and play within Edmond**. Every percentage point of spending kept in town means more funding for Edmond’s services – truly, “in Oklahoma, it matters where you spend your tax dollars”⁹.

Sources: City of Edmond Economic Development Authority reports and data (2019–2024); Oklahoma Tax Commission and local news on sales tax changes^{14 16}; Edmond business and city council commentary on retail leakage⁴; U.S. Census/ACS data on Edmond’s population, income, and commuting²⁴ the author’s calculations based on these sources. All monetary figures are in USD.

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 - ⁴ Edmond mayor election: Candidates talk housing, budget
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