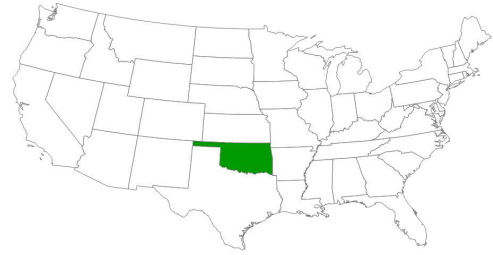
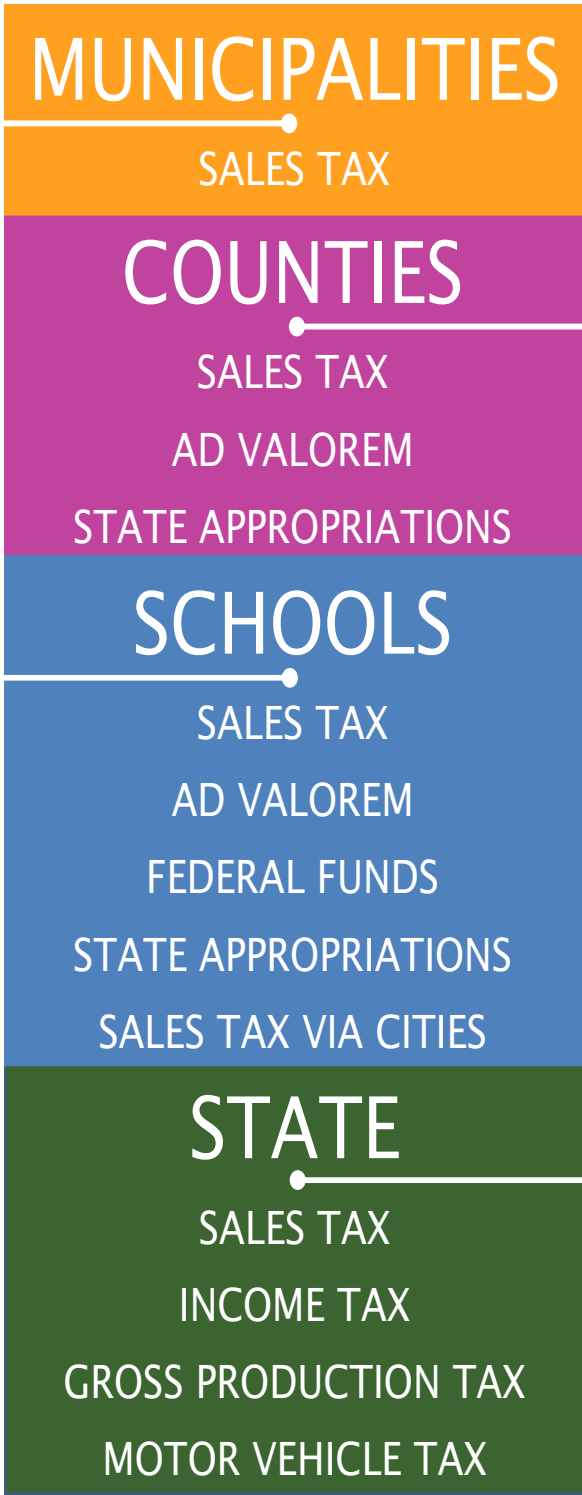


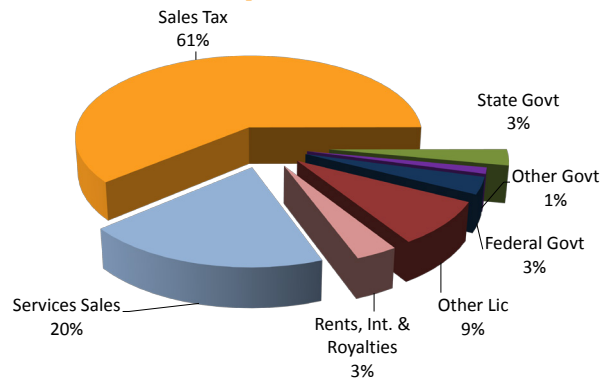
Funding the Gap

Strong Cities, Strong State
A look at Municipal Revenue



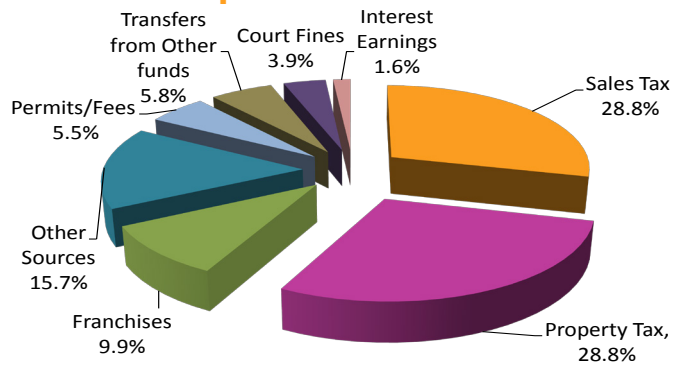
Oklahoma is the only state in which municipalities are almost entirely dependent on sales tax for general operations

Oklahoma Municipal Revenues FY 2014



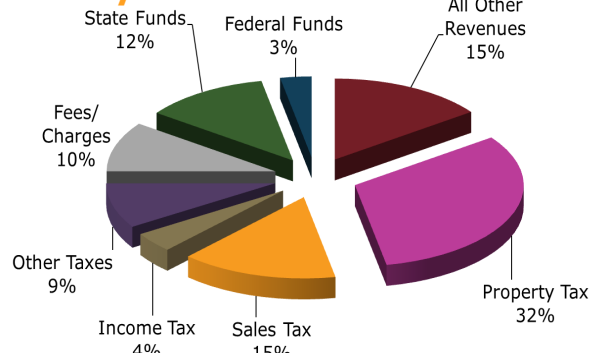
Source: FY 2014 SA&I forms, Oklahoma State Auditor

Texas Municipal Revenues FY 2010



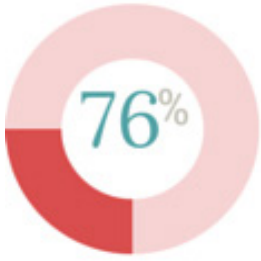
Source: Texas Municipal League

U.S. City Revenues FY 2010



Source: National League of Cities

Cities and Towns Manage Infrastructure, Support New Businesses, Spur Innovation, and Attract Talent & Investment



76% of Oklahomans live in Municipalities



91% of STATE sales tax is generated from sales within Municipalities



80% of Oklahoma citizens & businesses receive water from Municipal Water Sources

Issues In Municipal Revenue

- Oklahoma is the “only” state where cities and towns do not receive “ad valorem” money for general operations
- 150 sales tax exemptions currently on the books with new ones introduced every legislative session
- Internet/Catalog “Tax Haven”: \$81.5 million loss to the state and \$66.7 million loss to local entities in 2015
- Sales tax is a volatile source of revenue
- Now Counties have sales tax option (76 of 77)
- Municipal Sales tax earmarked for local schools, hospitals, economic development, colleges
- Consumers switching to untaxed Internet sales

Motor Vehicle Fees

32.5%* of miles driven in Oklahoma are within municipalities, yet cities and towns only receive 3.1% of the motor vehicle fees.



For every \$1.00 in motor vehicle fees



Municipalities receive just over \$.03

* DOT 2016

“I certainly believe the people should have an opportunity to voice their opinion about using alternative revenue streams other than sales tax exclusively. It is just too vulnerable a source. I would like to see the state constitution amended to allow people to at least vote on it.”

“Internet sales have had a serious impact on our cities’ ability to grow our sales tax in order to maintain necessary services. We cannot change that without the federal government’s blessing to Oklahoma’s legislators to allow Internet sales tax to be collected.”

-Mayor Dewey Bartlett, Tulsa

“Cities shouldn’t be so reliant on sales tax. It affects our planning. If you see a Wal-Mart on this side of the street or that side of the street, it greatly affects a particular municipality. We’re going to get to a point here where the municipalities that have a Wal-Mart are going to make it and the ones that don’t are not going to make it.”

“When you see that we spend two-thirds of our tax dollars on police and fire service, it becomes a public safety issue. Oklahoma cities are too reliant on sales tax. We need a way to figure out some sort of revenue neutral, I am not saying we need more money, I am just saying it needs to be derived from different sources.”

- Mayor Mick Cornett, OKC