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**

- Sales Tax: 61%
- State Govt: 3%
- Other Govt: 1%
- Federal Govt: 3%
- Rents, Int., & Royalties: 3%
- Other Lic: 9%
- Services Sales: 20%

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

**Texas Municipal Revenues FY 2010**

- Sales Tax: 28.8%
- Property Tax: 28.8%
- Court Fines: 3.9%
- Interest Earnings: 1.6%
- Other Sources: 15.7%
- Franchises: 9.9%
- Transfers from Other funds: 5.8%
- Permits/Fees: 5.5%

Source: Texas Municipal League

**U.S. City Revenues FY 2010**

- Property Tax: 32%
- Sales Tax: 15%
- Income Tax: 4%
- Federal Funds: 3%
- State Funds: 12%
- All Other Revenues: 15%
- Fees/Charges: 10%
- Other Taxes: 9%

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

*I DOT 2016

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- 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