

**STATE OF THE CITY  
JANUARY 11, 2017**

**WELCOME -**

Thank you citizens of Pryor Creek for your confidence when you elected me for my 5<sup>th</sup> term as Mayor in 2015. I continue to strive daily for excellence in our City government.

**Sales tax numbers are on a decline, due to Internet sales, and in this day and age, it will not get better.**

**As of now, we have seen a 12% decrease in sales tax revenue from 2014-2015 to date. Our General Fund Budget saw a decrease of about \$424,000 from 2014-15 to 2015-16, and the decrease has grown to approximately \$739,211 over the last two years. As this fiscal year progresses, we will likely lose around another \$200,000 in sales tax revenues. The fact is, the City of Pryor Creek cannot sustain its current functions as it continues to lose sales tax income.**

**Sales tax is dwindling, not only due to Internet sales, but also tax exemptions. Currently in the State of Oklahoma, there are 149 sales tax exemptions, which represent \$17.9 billion. There are two other exemptions that the legislature is considering adding to this list.**

**We all enjoy exemptions, but they are being abused, like so many other things.**

**How many have farm exemptions that are used for personal purchases?**

**How many have religious exemptions that are used for personal purchases?**

**How many order from a store and state they want it delivered, but end up picking it up, instead, in order to skip out on the tax?**

**And how many people never claim online purchases on their income tax in order to pay the sales tax?**

**How do I know these things are happening? Because I've witnessed them myself.**

**The City is only legally allowed to budget our cash on hand plus the MUB allocation X 90%.**

In December our General Fund showed a loss of \$77,251.28 in the fiscal year 2015-16. We started our fiscal year with a Fund balance of \$1.282 million, and we need \$1.481 million to sustain what we had.

The City's Capital Outlay fund will likely see a decrease of more than \$250,000 within the next year.

Capital Outlay only generates approximately \$23,000 per month/\$276,000 per year in sales tax revenue. What can you really repair with that amount of money? A roof can easily cost \$100,000. Police cars cost approximately \$40,000, and we have several cars that currently have over 100,000 miles. You can't do much with this income.

I say we have to find a different way to fund the City.

Our goal has always been to keep the sales tax rate below 10%.

Our current sales tax rate is 9.75%:

State:	4.5%		
County:	1.5%		
City:	3.75% (broken down):	General Fund:	1.725%
		Street:	.650
		MUB:	.500
		Capital Outlay:	.125
		Rec. Ctr.	.250
	(Bond)	Sinking Fund:	.500

Last August the people of Pryor Creek strongly defeated a .25 sales tax increase. In April, the County tax will drop to 1.375% (a difference of .125%), which will make our tax rate 9.625%, effective April 1. At that point, the proposed increase would have only made our sales tax rate 9.875%.

We need to be able to reallocate that .125%, whether to Emergency Services or the General Fund. This would make such a small difference to consumers. For instance, if you spend \$20 on a meal, it will only cost you an extra 5 cents – ONE NICKEL – but it can make a marked difference in sales tax revenue by approximately \$400,000 a year.

**The citizens of Pryor Creek need to make a decision – what do we want?**

**Do we want:**

- A Library like we have today?**
- A cemetery and park system like we have today?**
- An animal shelter like we have today?**
- Police response when you need it?**
- Fire protection when you need it?**

**Or do we want to go back to the days of only having volunteer firefighters who may not be available to respond right when we need them?**

**If we want to keep things the way they are, we will have to find a way to fund them.**

**We have not had a sales tax increase in 40 years. 1976 was the last actual increase the City experienced. Since then, we have reallocated funds along the way, but no increases were experienced, which means we have been operating on the same sales tax income for 40 years.**

**BOTTOM LINE: Internet sales will continue to increase, and municipal sales will continue to decrease. If you will recall, I pointed this out two years ago and presented Funding the Gap to all of the citizens of Pryor in numerous meetings, with the plan of getting ahead of this problem, but no one listened, and we are right in the thick of it now. It will NOT get better.**

**The prediction is that municipal sales will fall another 7% over the next year, which will become 35% over the next five years.**

**The Congress of Mayors convenes on January 20<sup>th</sup>, along with the OML, Mayors and City Managers, where we will discuss legislative issues and make proposals to legislators. The Mayor's Council of Oklahoma is proposing raising sales tax on all services, such as beauty shops, architectural services, etc., and raising fuel taxes (CPG and LPG fees). The OML, MCO, Mayors and City Managers worked to defeat raising sales tax for education, because sales tax is not the answer. It is time for us to work together to fund education.**

**No one likes fee increases, but the State of Oklahoma has experienced an \$868 million shortfall due to fuel sales tax decreases. As you can see, this is NOT just Pryor. This is happening in all cities across Oklahoma.**

Oklahoma is in the top 5% in sales tax rates and 37<sup>th</sup> in property tax. We are the only state in the nation that does not get property tax allocation. Do I think we ever will? Not in my lifetime. The Farmer's Union and County Commissioners are against it.

If you want City services, you HAVE to pay for them. We are depending upon the citizens to shop local in the City of Pryor Creek. I cannot budget money I do not have.

You may be asking, "What have you done to remedy the budget shortfall, Mayor?"

- We are reducing City cost as much as we possibly can. We are down 1 police officer, 1 police records clerk, 1 firefighter, 1 Park/Cemetery employee, 1 Library employee and 1 City Hall employee. Our department heads are doing a great job keeping the cost down as much as possible.
- I talk to different businesses weekly, and we do not meet the minimum requirements to bring in a Lowe's, or a Montana Mike's, or an Olive Garden, etc.

Currently, we are working on a Comprehensive Plan, which will be a living document for future growth and development of the City. It will also include bike trails, which with the help of a \$500,000 grant, will potentially grow and connect with other nearby communities.

A mountain bike trail system has been proposed on the property donated to the City by Tom Giles.

These developments are in hopes of bringing more people to Pryor for recreational purposes, because the way we grow is additional sales tax dollars being spent in Pryor, and that takes additional people spending money here.

I am also currently working on a plan for a 6-acre store North of Pryor, a motel South of Pryor, the possible remodel of a truck-stop facility and a motel/convention center; however, these will not create a great deal of sales tax dollars.

The weekend of January 20<sup>th</sup>, the Pryor Area Arts and Humanities and Chamber of Commerce will host something very unique. We are having a Comic Convention in the Arts building at the Old City Hall. We currently have a waiting

**list of vendors who would love to participate in this. We never dreamed it would become such a huge event, and it could be a great thing for our City.**

**Pryor Main Street hosted a Third-Thursday event a few months in 2016 to bring people to downtown Pryor. This was a great success, as well.**

**In addition, our new art gallery has brought a great deal of pride to the City.**

**I am open to any ideas you can come up with to increase our revenue.**

**Remember, the General Fund includes Police, Fire, Library, Parks & Cemeteries.**

**Street, Golf and Recreation Center departments are separate funds, and they cannot be co-mingled with the General Fund.**

**The Recreation Center is doing extremely well, growing and turning a profit. This time last year, they averaged 9,009 visitors per month, and now they are averaging 9,529. That's more than a 5% increase.**

**The Library is growing and doing such a great job for our city. It has experienced a 22% growth over the last year.**

**The numbers speak for themselves.**

**This year the Street Department will begin an asphalt overlay project, and streets are currently being identified for this project.**

**I have a number of ideas for increasing our revenue, other than sales tax, but they all require a vote of the people to make them happen. We have a great community. We have to figure out new ways to fund our City – and not just ours, but ALL cities, counties and schools.**

**An article in the Daily Oklahoman on November 23, 2016, stated that Oklahoma City's budget is down \$3.8 million, and they have had to eliminate 15 uniformed police positions, cut \$1.7 million in police positions and \$1.2 million in fire positions. The article also stated that 4 elementary school resource officers will be reassigned and those resource positions will be eliminated. We are all feeling the pinch.**

**We WILL continue to go forward. Our people and departments are working to make great things happen for the City of Pryor Creek.**