



REPORT TO: CC & SUA

MEETING DATE: MARCH 23, 2020

Agenda Item:	CC-20-53 / SUA-20-09
Background / Issue:	<p>Use tax is collected on the purchase price of tangible personal property that is purchased outside Oklahoma and stored, used or otherwise consumed within the state. Historically, use tax has been an unpredictable revenue source necessitating the use of conservative estimates when preparing the annual budget.</p> <p>At the adoption of the FY20 budget, use tax was estimated at \$1,600,000. Use tax collections through March 2020 are \$2,079,567.83 with three months remaining in the fiscal year.</p> <p>The SUA Trustees adopted a General Fund Transfer Policy via Resolution No. SUA-2016-5. The transfer policy states that “only those surplus funds that are necessary to balance the City’s General Fund shall be transferred.” The policy further states that if “transfers made during the fiscal year exceed the amount necessary to balance the City’s General Fund at fiscal year end, the City shall return all excess transferred funds to the SUA upon completion of the annual financial audit.” It is anticipated that the realization of increased use tax revenue will result in excess funds being transferred to the City from the SUA during FY20.</p>
Proposal/Solution:	Increase the use tax projection to \$2,500,000 in FY20 and reduce the transfer from the SUA to the City’s General Fund by \$900,000.
Financial Impact/Funding Source(s):	By increasing the FY20 use tax projection and reducing the budgeted transfer from the SUA to the City’s General Fund, those dollars can be considered for deployment during the preparation of the FY21 budget.
Related Strategic Priority:	Strategic Priority #1 – Effective Services & Accountable Government

Recommended Action/Motion:

Motion to approve the attached budget amendment increasing FY20 use tax revenue from \$1,600,000 to \$2,500,000 and reducing the transfer in from SUA to the City's General Fund by the same amount (\$900,000).

Prepared By:

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Submitted By:

Norman McNickle, City Manager

Attachment(s):

Budget Amendment – Use Tax