

# Public Service/Reserve Fund Sales Tax

In the spring of 2003, the City of Yukon, a community with a population of 21,043, located in Central Oklahoma was suffering with the dilemma of a stale economy and no significant increases in tax revenues. This dilemma created hardships on the City's infrastructure and more importantly, the City's 200 employees were facing a third year in a row with no pay raises. The City of Yukon was forced to implement furloughs earlier that year.

The City's reserve fund had dipped dangerously low after a devastating ice-storm hit the area in January of 2002. This restricted the city's ability to make new improvements to the aging infrastructure and budget for simple cost of living raises for personnel.

Firefighters and police officers employed with the City of Yukon were leaving for better pay and benefits with neighboring communities. Yukon's local chapters of the Fraternal Order of Police Union and the International Association of Firefighters began to collaborate on bringing a vote to the citizens of Yukon for a dedicated sales tax earmarked for competitive salaries for police officers and firefighters. The two groups met several times to draft an ordinance for the city council to hopefully pass and send for a vote of the people.

The original ordinance called for a half-penny sales tax increase that would raise

salaries to the Oklahoma City "metro average". The average pay increase for both sides would be approximately 24% per employee. This tax would be known as the "Public Service" sales tax.

The problem that the two unions never anticipated was the reaction by the other employees. Many of the non-union employees were upset that if the new tax passed they would be left with no pay raises and possibly more future furloughs. The unions were notified by a spokesperson from the non-union employees that they would like to meet with union officials to discuss a third party involved in the new tax push.

A meeting was set with both unions and approximately 50% of the non-union employees were present. During the meeting tempers flared and it was clear to the union officials that the general employees were going to be heard. After hours of discussion, a compromise was agreed upon. The "Public Service" sales tax was born and so was the momentum.

An ordinance was drafted that divided a 3/4 penny sales tax to pay city employees competitive salaries and to lower the employee turnover rate. The unions and the non-union employees made the request to the city council and proposed the election date for Feb. 24, 2004.

The city manager and the council also decided to address the declining reserve

fund. An additional sales tax was proposed for a ¼ penny sales tax earmarked for the city's reserve fund. The monies would be allocated for the fund to raise it from 6% to a healthy 25 %.

The council passed the resolution unanimously and the ordinances would be put up for a vote of the people. The employees held meetings for questions and answers about the proposed ordinance and the local newspaper ran several stories about the new sales tax issues.

On Tuesday, February 24, 2004 the public safety sales tax was passed 64% (YES) to 36% (NO). The reserve fund was passed 52% (YES) and 48% (No).

For the first time in Oklahoma history, a non-union group joined efforts with a union and successfully passed a dedicated public service sales tax for salary increases. This innovative approach to earmarking funds for non-union employees is now being sought after for duplication in other communities throughout the state.

The reserve fund tax was also being considered, by many around the country, as an innovation in local government.

The City of Yukon's newly created sales tax has made numerous achievements since its inception. However, the most important achievement for the Public

Service/Reserve Fund Sales Tax is the fact that the revenue generated from the tax has been allocated to provide competitive salaries for union and non-union employees while building up a generous reserve fund for our community's future.

Competitive salaries have allowed our employees to improve their quality of life and most importantly it has reduced our turnover rate in most departments.

Like most government employees, our staff is dedicated to bringing the highest quality service to the public. Municipal employees are the front line to government contact for most citizens. We deliver a range of services that include fire and police protection, water and sewer treatment, sanitation, parks and recreation and a top-notch library.

Our employees received pay cuts (furloughs) in 2003 to keep the level of services up while revenues continued to decline. The men and women of the City of Yukon knew that if the Public Service/Reserve Fund Sales Tax passed that their jobs and salaries would be more secure.