



Rescheduled Regular Meeting of the Board of Directors

City of Texarkana, Arkansas
216 Walnut Street

Minutes - Monday, November 02, 2020 - 4:00 PM

**THIS VIRTUAL MEETING WAS HOSTED BY ZOOM AND STREAMED LIVE ON
THE CITY'S YOUTUBE PAGE.**

<https://www.youtube.com/channel/UC2zU02o8zTodtzQ8IuiWL2Q>

Mayor Allen Brown called the meeting to order at 4:00 PM.

PRESENT: Mayor Allen Brown, Assistant Mayor Ward 1 Linda Teeters, Ward 2 Director Laney J. Harris, Ward 3 Director Steven Hollibush, Ward 5 Director Barbara S. Miner, and Ward 6 Director Terri Peavy.

ALSO PRESENT: City Manager Dr. Kenny Haskin, City Attorney George Matteson, City Clerk Heather Soyars and Deputy City Clerk Jenny Narens.

ABSENT: Director Ward 4 Ulysses Brewer.

CONSENT

Assistant Mayor Teeters made the motion to adopt the Consent agenda, Seconded by Director Peavy. The motion carried and the following items were approved:

1. Approval of the minutes of the regular rescheduled meeting October 19, 2020. (CCD)
2. Resolution No. 2020-38 authorized the City Manager to sell a parcel of land currently owned by the City of Texarkana, Arkansas, described as Lot 2 in Block 3, Meadow Lane Addition, to Carl Caldwell. (ADMIN)

REGULAR

3. Adopt a Resolution No. 2020-39 approved the FY 2021 Budget. (FIN)

Finance Director TyRhonda Henderson said the Advertising and Promotion Fund Budget was included but the Bi-State Justice Fund Budget had not been approved by the Intergovernmental Advisory Committee and Texarkana Water Utilities Budget had not been approved by the Board of Directors and were not included in the City's Budget. She gave a brief PowerPoint presentation which included the following highlights of the General Fund Year End 2020 Budget: expenditure growth was expected to exceed revenue growth and the estimated fund balance at year end was \$5,470,673. The General Fund balance at end of 2021, was estimated to be \$3.9 million with 67 days of expenditures in unrestricted fund balance. General Fund departments were not required to cut expenditures in the FY 2021 Budget and included a 2.5% Cost of Living Adjustment (COLA)

for all employees; additional personnel for the Animal Care and Adoption Center and the Public Works Streets Department; and the Bi-State Justice Building contribution decreased by \$602, 242. Capital Outlay consisted of a new copier for the Finance Department, computers, camera systems, body cameras, and vehicles for the Police Department; and tools, a HVAC unit, washer, staff cars, and a pumper and brush truck for the Fire Department; a truck for the Animal Care and Adoption Center and Agencies included \$750,000 for drainage improvement and \$232,000 for economic development. The Public Works Fund Budget included projects for drainage improvement: Joey Lane washout; and road improvements for Sanderson Lane, Tennessee Road, E. 46th Street and Jefferson Avenue.

Director Peavy said she was pleased all City employees would receive a 2.5% COLA.

Director Harris said he wanted to know where the drainage improvements would be made. He wanted drainage improvements in his ward and not north of town. He made a motion to table this item until the next meeting due to the proposed ordinance to dissolve the Advertising and Promotion Commission (A&P) and repealing the levy of corresponding gross receipts tax because the A&P Budget was included in the City's Budget.

Mayor Brown said this was a proactive budget and it had been many years since the City had included capital.

Assistant Mayor Teeters said Nix Creek ran through multiple City wards and all wards were affected by the flooding.

Mayor Brown said the A&P Budget had been approved by the A&P Commission and the proposed ordinance to dissolve the commission and tax did not have any bearing on the City's Budget.

Director Harris made a motion to table the resolution to adopt the City's Budget.

Mayor Brown declared the motion failed for lack of a second.

Motion to adopt the resolution made by Director Peavy, Seconded by Director Hollibush.

Voting Yea: Mayor Brown, Assistant Mayor Teeters, Director Hollibush, Director Miner, and Director Peavy.

Voting Nay: Director Harris.

The motion carried 5-1 and the Mayor declared the resolution adopted.

4. Tabled – An Ordinance repealing Ordinance No. H-123, as amended, modified, or codified, dissolving the Advertising and Promotion Commission of the City of Texarkana, Arkansas, and repealing the levy of corresponding gross receipts tax. (BOD) (This ordinance was sponsored by Director Steven Hollibush)

Director Hollibush said the taxes provided little if any benefit to local businesses and the A&P Commission had mismanaged the funds. He said the fund propped up a few businesses and nonprofits, and those businesses and nonprofits were a benefit to the City. He said the A&P was not formed to support nonprofits, but to advertise and promote the City.

Director Harris said he could see getting rid of the hamburger tax, but the city needed to keep the hotel tax. He also recommended to increase the A&P Commission by adding another Board member and two restaurant owners.

Assistant Mayor Teeters said many cities in Arkansas had an A&P tax. A&P funded youth sports tournaments and put heads in beds. She said the tax was collected from the citizens and then turned over to the City. Restaurant owners were not out one penny.

Mayor Brown said he would not support the ordinance for various reasons. He said the tax generated money for the City and the A&P had contractual obligations which would be enforced and would bring heartache to the City. He said the tax also supported the City's Parks and Recreation Department.

Director Peavy said there were numerous radio and TV advertisements in Little Rock, Arkansas, and the ad agency won an award for them. She said she would be in favor of having a workshop to restructure the A&P tax and how the money was distributed.

Director Miner said being on the A&P Commission was a difficult job, trying to allocate the funds to so many different entities.

Motion to suspend the rules and place the ordinance on its first reading in abbreviated form made by Director Hollibush, Seconded by Director Harris.

Voting Yea: Mayor Brown, Assistant Mayor Teeters, Director Harris, Director Hollibush, Director Miner, and Director Peavy.

The motion carried 6-0 and the ordinance was read the first time in abbreviated form.

Motion to suspend the rules and place the ordinance on its second reading in abbreviated form made by Director Hollibush.

Mayor Brown declared the motion failed due to the lack of a second.

CITIZEN COMMUNICATION

Jennifer Strayhorn, Texarkana Public Library, thanked the Board for the diligent work they provided to the citizens of Texarkana, Arkansas.

Keith Laing, Texarkana, Arkansas, restaurant owner was not present at the meeting, but the Mayor summarized Mr. Laing's emailed comments stated Mr. Laing supported dissolving the Advertising and Promotion Commission and repealing the A&P tax. (Mr. Laing's full statement attached.)

Harvey Woods, 904 E. 12th Street, said the hamburger tax gave the Texas-side an advantage over our restaurants. He asked if the City could level the playing field with the Texas-side and do away with the hamburger tax.

Dennis Young, 3503 Tiffany Lane, said there was more than one legal use for the restaurant and hotel tax. He said the City had obligations to the waterpark, convention center and various City activities that came from the A&P tax and probably would not be able to come from the City's General Fund. Mr. Young said he hoped this ordinance would be defeated.

Samantha Knighton, 21 N. Hermitage Drive, audio was undecipherable. She sent an email stating she supported repealing the A&P tax and Commission.

Dwayne Hall, 2303 College Street, stated he was in support of dissolving the A&P Commission. He said he found they were in violation to the open records act. Mr. Hall said he thought the

Fairgrounds had been in business long enough to pay their own way and they were a private entity. He said he was not allowed to speak before the Board voted to read the ordinance the first time and he thought citizens could speak before a vote was taken.

Jonathan Harris, 5201 Richmond Road, said the A&P was improperly handled. He said it should be considered if the restaurants owners were saying they were losing business to the Texas-side due to the hamburger tax.

Donnie Waldon, 5214 McNatt Lane, said he would like to hear what the taxpayer had to say about the hamburger tax. He said in 2014, he walked the streets and collected signatures to do away with the A&P Commission.

Director Harris read a proclamation signed by Governor Asa Hutchinson declaring November 2020, as Business Industrial Appreciation Month.

Director Peavy suggested having a workshop to discuss options concerning the A&P Commission and tax.

Director Hollibush agreed to having a workshop.

Director Hollibush said he would like the Board to start in-person meetings.

Director Peavy would also like in-person meetings.

Director Teeters said due to the spike in COVID cases she did not think it was a healthy issue right now.

NEXT MEETING DATE: Monday, November 16, 2020

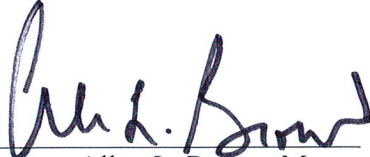
ADJOURN

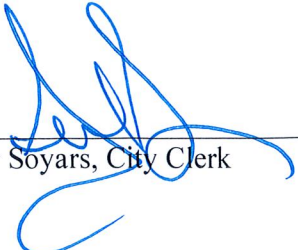
Motion to adjourn made by Director Miner, Seconded by Director Hollibush.

Voting Yea: Mayor Brown, Assistant Mayor Teeters, Director Harris, Director Hollibush, Director Miner, and Director Peavy.

The motion carried 6-0. The meeting adjourned at 5:41 PM.

APPROVED this the 16th day of November, 2020.


Allen L. Brown, Mayor


Heather Soyars, City Clerk

Rescheduled Regular Meeting of the Board of Directors
City of Texarkana, Arkansas
Monday, November 2, 2020

PUBLIC COMMENT

Currently, customers who purchase food from Arkansas-side restaurants pay a total sales tax of 12.25 percent, while customers who purchase food from Texas-side restaurants pay a total sales tax of 8.25 percent. This means that, given two Texarkana restaurants with identical menus and prices, a customer who purchases a meal at the Arkansas-side restaurant will pay more for that meal than if he or she had purchased the meal at the Texas-side restaurant.

This disparity is unfortunate for Texarkana residents who live or work on the Arkansas side, as it increases the cost of their restaurant meals.

Arkansas-side restaurants are at a distinct competitive disadvantage to Texas-side restaurants because of the disparity between tax rates, as customers may frequently choose to purchase meals from Texas-side restaurants rather than Arkansas-side restaurants because it costs less money. (By way of example, for a meal with a pre-tax price of \$20.00, a customer would pay \$22.45 at an Arkansas-side restaurant but only \$21.65 at a Texas-side restaurant.)

The disparity between the tax rate that Arkansas-side restaurants are required to charge customers versus the Texas-side tax rate comes in large part from the A&P gross receipts tax. Repealing the two-percent A&P gross receipts tax will decrease the disparity between the cost of meals purchased from Arkansas-side restaurants versus Texas-side restaurants.

Reducing the cost of meals purchased at Arkansas-side restaurants will benefit Texarkana residents who live or work on the Arkansas side.

Eliminating the two-percent A&P gross receipts tax will put Arkansas-side restaurants on more equal footing with Texas-side restaurants. More frequent visits to Arkansas-side restaurants could increase traffic to Arkansas-side small businesses.

It is the restaurant customer who pays the A&P gross receipts tax out of his or her own pocket—the restaurant merely collects the tax from the customer and remits it to the A&P commission. Now, more than ever, it is important that affordable meals are made available to Texarkana residents who live or work on the Arkansas side.

In addition, with so many restaurants and small businesses struggling as a result of the pandemic, it is important to improve the ability of Arkansas-side restaurants to attract customers and increase traffic to Arkansas-side small businesses.

I support the ordinance repealing the A&P Ordinances, dissolving the Advertising and Promotion Commission, and repealing the levy of A&P gross receipts tax on Arkansas-side restaurant customers.

Thank you,



Keith Laing

Texarkana, Arkansas restaurant owner