

City Manager Report

The City of
OKLAHOMA CITY

NO. 6901
 DATE SEPTEMBER 29, 2009
 TO: THE MAYOR and MEMBERS OF THE CITY COUNCIL
 SUBJECT: SALES AND USE TAX REPORT FOR SEPTEMBER 2009

Combined sales and use taxes for the General Fund are \$6,141,140 below target for the year.

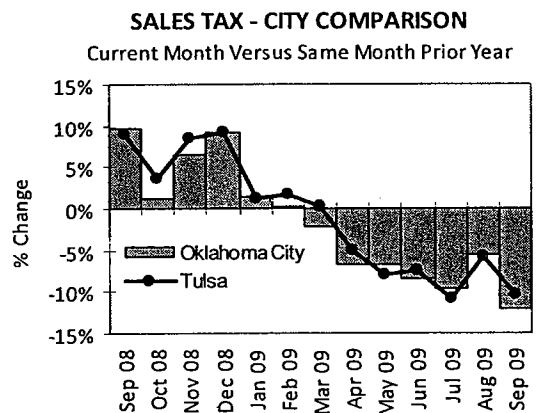
Following is a report on sales and use taxes for the City's General Fund. Schedules summarizing activity for all funds are attached.

General Fund Sales Tax

The September allocation of sales tax to the General Fund totaled \$14,121,906. This is \$2,462,955 or 14.85 percent below target and 12.10 percent below September 2008 collections. The September remittance includes actual collections for the second half of July and estimated collections for the first half of August by major taxpayers.

Every major sector in sales tax continues to contract with declines broad-based across many major taxpayers. The largest category, retail, was down 7.97 percent in September, its largest decline yet in this recession. In addition to Oklahoma City and Tulsa, Midwest City and Edmond to a lesser extent are seeing sustained decreases from prior year.

FY 2010 SALES TAX - MAJOR CATEGORY GROWTH RATES			
Category	Sep 09 % Change From Sep 08	Year-to-Date % Change	% of Total Sales Tax
Retail	-7.97%	-7.04%	62.09%
Transp. & Utilities	-9.95%	-1.16%	13.59%
Services	-11.38%	-10.23%	10.13%
Wholesale	-34.98%	-23.10%	9.51%
Manufacturing	-18.38%	-13.01%	3.72%
Non-Classified	32.89%	-40.31%	0.60%
Other Misc.	-41.08%	-37.52%	0.37%
Overall % Change:	-12.10%	-9.16%	100.00%



Most categories were down in September:

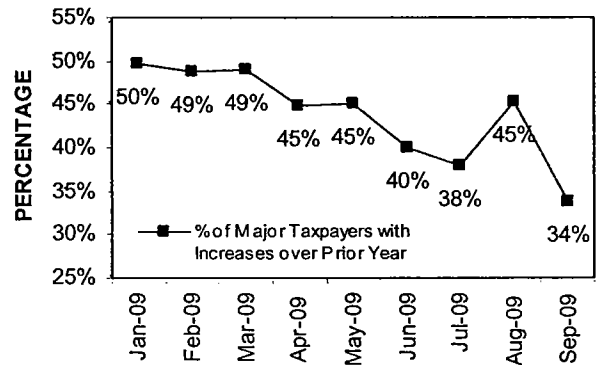
- Retail collections decreased from prior year for the 9th consecutive month
- The telecommunications sector of the transportation and utilities category had several major taxpayers posting substantial decreases.
- Services category's 11.38% decrease is attributable to large declines in the business services sector.
- Wholesale declined for the 6th consecutive month on low remittances for durable goods.

Tulsa's September remittance decrease (-10.45%) was less than that of Oklahoma City's. Midwest City and Edmond had declines of 2.27 and 7.98 percent, respectively. Midwest City has posted small declines against prior year the last four months whereas Edmond has been down five of the last six months, definitely a change from the higher growth rates they have been accustomed to. Moore was flat at -0.28 percent whereas Yukon was up 3.65 percent over prior year. The State Treasurer's September 15th press release reported their August collections were 16.6 percent below prior year.

The City's largest remitters tend to drive the percentage change in our sales tax. An analysis of major taxpayers reveals that over the last nine months the percentage of remittances exceeding the prior year has steadily dropped. Improvement in the remittances of our largest taxpayers is a prerequisite to a turnaround.

Another prerequisite to a turnaround is our largest category, retail, which is 62 percent of the tax. Retail dropped 7.97 percent against September 2008 and accounts for a large portion of the overall decrease in sales tax. The prior year September was a difficult month for comparison. This time last year, Oklahoma City was experiencing large increases almost across the board. Six of the eight retail subcategories had negative growth in the current month. General merchandise (-6.68%) continues to be impacted by the decreases in spending at most major department stores. Miscellaneous retail (-6.55%) posted declines in the prior year in 17 of 23 product categories. Spending has been curtailed at home center and lumber related stores (-17.54%) with building materials down 16.4 percent overall. Electronics (-23.19%), computers (-28.03%), appliances (-35.71%) and furniture (-33.2%) continue to impede the furniture and home category (-26.63%) as consumers shy away from big-ticket items. The food stores subcategory is up 3.48 percent in September and 3.6 percent year-to-date.

SALES TAX - MAJOR REMITTERS
Current Month Versus Same Month Prior Year



This chart demonstrates how major remitters are remitting less than they did in the prior year. Overall, the trend above is downward with only 34% of major taxpayers remitting more than in the prior year.

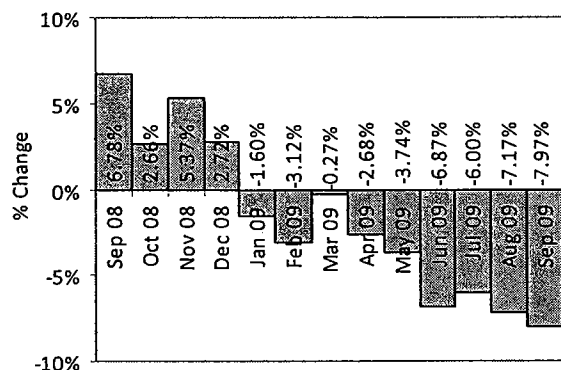
RETAIL - MAJOR CATEGORY GROWTH RATES

Category	Sep 09 % Change From Sep 08	Year-to-Date % Change	% of Total Retail
General Merchandise	-6.68%	-5.75%	22.71%
Eating & Drinking	1.85%	-1.19%	20.04%
Miscellaneous Retail	-6.55%	-6.99%	14.66%
Building Materials	-16.40%	-5.75%	12.45%
Furniture and Home	-26.63%	-23.17%	10.22%
Food Stores	3.48%	3.60%	9.57%
Apparel & Accessory	-0.16%	-7.11%	5.74%
Auto Dealers	-12.77%	-16.30%	4.60%
Overall % Change:	-7.97%	-7.04%	100.00%

The food store category appears more immune to reductions in consumer spending than the furniture or building materials category.

OVERALL RETAIL GROWTH

Current Month Versus Same Month Last Year



Retail continues to see ever larger decreases from prior year.

Transportation & utilities category was down 9.95 percent overall with telecommunications down 26.78 percent and utilities flat at 0.12 percent.

The services category declined 11.38 percent with the hotels subcategory up 2.47 percent, business services down 25.56 percent and other services down 7.06 percent.

Wholesale declined 34.98 percent on large decreases in durable goods (metals and industrial machinery again, as was the case in last month's report).

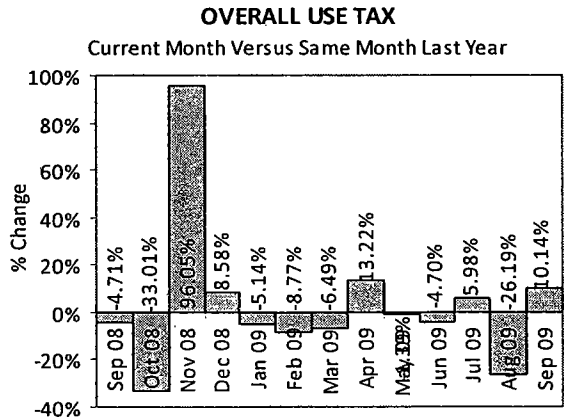
General Fund Use Tax

The September allocation of use tax to the General Fund totaled \$2,508,708. This is \$216,398 or 9.44 percent above target and 10.14 percent above September 2008 collections. Year-to-date use tax collections are still 5.16 percent under target. An unusually large refund granted to a taxpayer in September of 2008 is the primary reason use tax is above target and prior year.

Again this month, several mining related companies and a retailer specializing in office related goods are responsible for much of the decrease in the wholesale category. Numerous medical related companies remitted more in September 2009 than in the previous year.

FY 2010 USE TAX - MAJOR CATEGORY GROWTH RATES			
Category	Sep 09 % Change From Sep 08	Year-to-Date % Change	% of Total Use Tax
Wholesale	-39.43%	-26.61%	27.43%
Services	11.46%	17.11%	15.81%
Retail	837.52%	38.46%	25.30%
Non-Classified	-25.57%	-24.38%	9.30%
Manufacturing	-36.24%	-8.67%	6.18%
Mining	124.96%	55.95%	9.16%
Transp. & Utilities	-27.08%	-41.57%	4.68%
Other Misc.	14.07%	40.50%	2.13%
Overall % Change:	10.14%	-4.55%	100.00%

Although this month's increase of 10.14% is encouraging, the primary reason is a large refund of taxes granted in the prior year. This is also the reason behind retail's large increase over September 2008 of 837.52%.



The large November one-time increase in use tax in the chart to the left is attributable to Oklahoma Tax Commission field audit collections in the mining category.

Staff is available should you have questions or require additional information.

[Signature]
 James D. Couch
 City Manager

CITY OF OKLAHOMA CITY
SALES TAX COLLECTIONS
September 2009

	General Fund	Police Public Safety	Fire Public Safety	Zoo	Sports Facilities Improvement	MAPS for Kids	Police/Fire Equipment	MAPS	Total Sales Tax
Current Month:									
Actual	\$14,122,281	\$2,647,928	\$2,647,928	\$882,643	\$7,061,141	-	-	-	\$27,361,920
Reallocations	(\$375)	(\$70)	(\$70)	(\$23)	(\$12,144)	\$13,525	(\$222)	(\$620)	-
Adjusted Actual	\$14,121,906	\$2,647,857	\$2,647,857	\$882,619	\$7,048,997	\$13,525	(\$222)	(\$620)	\$27,361,920
Target	\$16,584,861	\$3,109,661	\$3,109,661	\$1,036,582	\$8,292,431	-	-	-	\$32,133,196
+/- Target	(\$2,462,955)	(\$461,804)	(\$461,804)	(\$153,963)	(\$1,243,434)	\$13,525	(\$222)	(\$620)	(\$4,771,277)
%+/- Target	-14.85%	-14.85%	-14.85%	-14.85%	-14.99%	-	-	-	-14.85%
Prior Year Actual	\$16,065,931	\$3,012,362	\$3,012,362	\$1,004,121	-	\$8,033,084	\$299	\$217	\$31,128,377
+/- Prior Year	(\$1,944,026)	(\$364,505)	(\$364,505)	(\$121,502)	\$7,048,997	(\$8,019,559)	(\$521)	(\$837)	(\$3,766,457)
%+/- Prior Year	-12.10%	-12.10%	-12.10%	-12.10%	-	-99.83%	-174.22%	-385.92%	-12.10%
Year-to-Date:									
Actual	\$42,344,761	\$7,939,643	\$7,939,643	\$2,646,548	\$21,172,380	-	-	-	\$82,042,974
Reallocations	\$3,633	\$681	\$681	\$227	(\$85,149)	\$70,370	\$2,828	\$6,728	-
Adjusted Actual	\$42,348,394	\$7,940,324	\$7,940,324	\$2,646,775	\$21,087,231	\$70,370	\$2,828	\$6,728	\$82,042,974
Target	\$48,125,567	\$9,023,544	\$9,023,544	\$3,010,063	\$24,062,784	-	-	-	\$93,245,502
+/- Target	(\$5,777,173)	(\$1,083,220)	(\$1,083,220)	(\$363,288)	(\$2,975,553)	\$70,370	\$2,828	\$6,728	(\$11,202,528)
%+/- Target	-12.00%	-12.00%	-12.00%	-12.07%	-12.37%	-	-	-	-12.01%
Prior Year Actual	\$46,619,749	\$8,741,203	\$8,741,203	\$2,913,734	-	\$23,302,127	\$3,074	\$2,180	\$90,323,272
+/- Prior Year	(\$4,271,355)	(\$800,879)	(\$800,879)	(\$266,960)	\$21,087,231	(\$23,231,757)	(\$246)	\$4,548	(\$8,280,298)
%+/- Prior Year	-9.16%	-9.16%	-9.16%	-9.16%	-	-99.70%	-8.01%	208.57%	-9.17%
					(2)	(2)	(1)	(1)	

NOTES:

(1) The Police/Fire Equipment and MAPS taxes expired in prior years, therefore, only current year reallocation activity is presented for these funds.

(2) The MAPS for Kids tax ended Dec 31, 2008. It was replaced by the Sports Facilities Improvement Tax Jan 1, 2009.

CITY OF OKLAHOMA CITY
USE TAX COLLECTIONS
September 2009

	<u>General Fund</u>	<u>Sports Facilities Improvement</u>	<u>City & Schools</u>	<u>Police/Fire Equipment</u>	<u>MAPS</u>	<u>Total Use Tax</u>
Current Month:						
Actual	\$2,508,670	\$872,581	-	-	-	\$3,381,251
Reallocations	\$38	\$19,921	(\$19,966)	\$8	(\$2)	-
Adjusted Actual	\$2,508,708	\$892,502	(\$19,966)	\$8	(\$2)	\$3,381,251
Target	\$2,292,310	\$797,325	-	-	-	\$3,089,635
+/- Target	\$216,398	\$95,177	(\$19,966)	\$8	(\$2)	\$291,616
%+/- Target	9.44%	11.94%	-	-	-	9.44%
Prior Year Actual	\$2,277,733	-	\$791,278	\$219	(\$100)	\$3,069,130
+/- Prior Year	\$230,976	\$892,502	(\$811,243)	(\$211)	\$98	\$312,121
%+/- Prior Year	10.14%	-	-102.52%	-96.17%	-98.02%	10.17%
Year-to-Date:						
Actual	\$6,693,732	\$2,328,255	-	-	-	\$9,021,986
Reallocations	\$698	\$119,503	(\$121,480)	\$1,140	\$139	-
Adjusted Actual	\$6,694,430	\$2,447,757	(\$121,480)	\$1,140	\$139	\$9,021,986
Target	\$7,058,397	\$2,455,097	-	-	-	\$9,513,494
+/- Target	(\$363,967)	(\$7,340)	(\$121,480)	\$1,140	\$139	(\$491,508)
%+/- Target	-5.16%	-0.30%	-	-	-	-5.17%
Prior Year Actual	\$7,013,511	-	\$2,413,178	\$7,975	(\$36)	\$9,434,627
+/- Prior Year	(\$319,080)	\$2,447,757	(\$2,534,658)	(\$6,835)	\$175	(\$412,641)
%+/- Prior Year	-4.55%	-	-105.03%	-85.70%	-486.53%	-4.37%
		(2)	(2)	(1)	(1)	

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