

City Manager Report

The City of OKLAHOMA CITY

NO: 6785

DATE: SEPTEMBER 9, 2008

TO: THE MAYOR and MEMBERS OF THE CITY COUNCIL

SUBJECT: SALES AND USE TAX REPORT FOR AUGUST 2008

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

Sales Tax

The August allocation of sales tax to the General Fund totaled \$15,192,539. This is \$736,941 or 5.10 percent above target and 8.55 percent above August 2007 collections. The August check includes payments by major taxpayers for the second half of June and estimated payments for the first part of July.

Fiscal Year Growth Rates

Fiscal Year	Year over Year Growth Rate
FY 2006	6.85%
FY 2007	5.96%
FY 2008	3.95%
FY 2009 (thru August)	6.17%

Although growth slowed in FY 2008, the first two months of FY 2009 exceeded expectations.

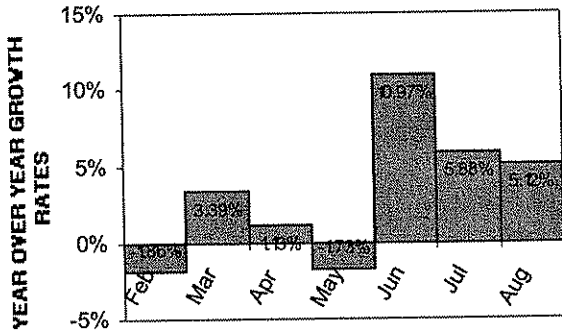
FY 2009 Sales Tax Major Category Growth Rates

Category	Year-to-Date Growth Rate	% of Total Sales Tax
Retail	5.51%	61.88%
Transportation & Utilities	13.45%	11.42%
Wholesale	7.37%	11.00%
Services	1.71%	10.41%
Manufacturing	1.56%	3.81%
Non-Classified	35.72%	1.00%
Other Miscellaneous	13.67%	0.48%
Overall Growth Rate:	6.17%	100.00%

The three largest categories, retail, transportation & utilities and wholesale have excellent growth rates in the first two months of this year.

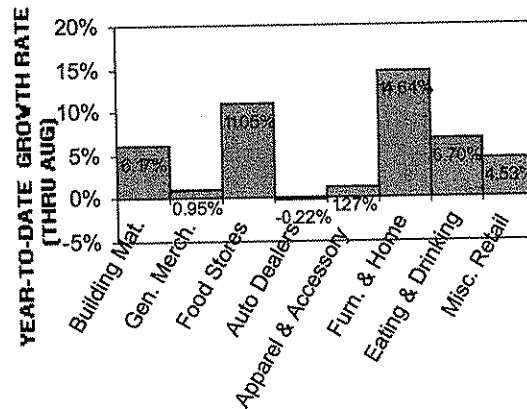
The retail category, food stores and furniture and home subcategories have two-month growth rates of 11.05 and 14.64 percent, respectively. Growth rates in the 6 percent range are also being seen this year so far in the building materials and eating and drinking subcategories. Soft retail sales in July and August of the prior year may be a factor in this year's good retail start. The high rate of inflation is also suspected of affecting the rate of growth to some extent.

**GENERAL FUND SALES TAX
OVERALL RETAIL GROWTH**



The impact of federal tax rebates can be seen in June's check above, and to a lesser extent in July and August.

**GENERAL FUND SALES TAX
RETAIL SUBCATEGORIES**



Building materials and furniture and home are up sharply after being flat for much of last year.

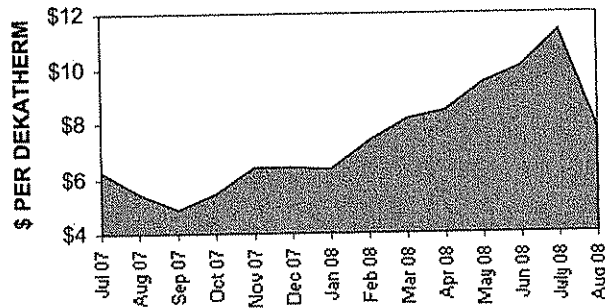
Food related subcategories are also up.

The transportation & utilities category is up 13.45 percent over the same two-month period last year due mostly to a lower than normal remittance by a major taxpayer in the prior year but higher utility remittances also played a part. Electricity sales were up due to milder temperatures in the previous year.

Rising energy prices are a concern of citizens and municipalities alike.

Natural gas prices began a rapid ascent in January until the bottom dropped out in August. Prices are expected to drop further in September as gas follows the drop in oil prices.

**ESTIMATED REGIONAL \$ PER NATURAL GAS
DEKATHERM**



The overall services category is up only 1.71 percent due to an unusually large remittance by a major company in July 2007 and previous period corrections by multiple companies. So far this year, the business services subcategory decrease of 21.48 percent has negated the Hotels/Motels subcategory's growth of 24.51 percent.

Wholesale is up 7.37 percent for the year, bouncing back from last month's disappointing remittance. The wholesale category performed strong in FY 2008 with a growth rate of 10.43 percent.

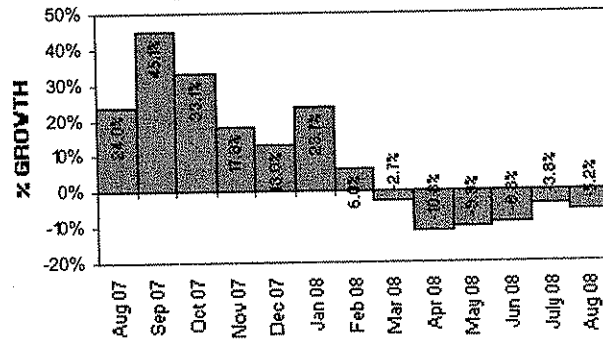
Use Tax

The August allocation of use tax to the General Fund totaled \$2,591,989. This is \$322,675 or 11.07 percent below target and 5.22 percent below August 2007 collections. When compared to the same month in the previous year, the overall use tax growth rate appears to have slowed in the last six months (see below chart). The decreases seen recently in use tax may be reflective of the slowdown in the national economy.

When compared to the same month in the previous year, the overall use tax growth rate has slowed.

The four largest use tax categories slumped in the final four months of FY 2008 with non-classified and services dragging use tax down in the first two months of FY 2009.

**GENERAL FUND USE TAX
CURRENT MONTH OVER SAME MONTH
LAST YEAR GROWTH RATES**



Fiscal Year Growth Rates

Fiscal Year	Year over Year Growth Rate
FY 2006	16.90%
FY 2007	9.81%
FY 2008	9.56%
FY 2009 (thru August)	-4.58%

FY 2009 is beginning the year down sharply from previous years.

FY 2009 Sales Tax Major Category Growth Rates

Category	Year-to-Date Growth Rate	% of Total Use Tax
Wholesale	16.52%	29.38%
Retail	9.27%	27.52%
Non-Classified	-16.69%	12.01%
Services	-29.19%	11.69%
Transportation & Utilities	21.26%	8.19%
Manufacturing	-31.30%	5.10%
Mining	-32.66%	4.72%
Other Miscellaneous	-37.82%	1.39%
Overall Growth Rate:	-4.58%	100.00%

The two largest categories, wholesale and retail are showing good gains through August's check, but large percentage gains in wholesale and retail remittances in September and October of 2007 may bode poorly for these two categories.

- Wholesale is up 16.52 percent supported by several large remittances. The majority of remitters have improved over the previous year.
- Retail, up 9.27 percent, has been highly volatile from month to month.
- The services category is down due to several unusually large payments in last year's remittance.

Combined sales and use taxes for the General Fund are \$238,235 above target for the year.

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


James D. Couch
City Manager

CITY OF OKLAHOMA CITY
SALES TAX COLLECTIONS
August 2008

	General Fund	Police		Fire		Zoo	Police/Fire Equipment		MAPS for Kids		OKC Sports Facility Improvement	MAPS		Total Sales Tax
		Public Safety	Public Safety	Public Safety	Public Safety		Equipment	Equipment	Kids	Kids		MAPS	MAPS	
Current Month:														
Actual	\$15,191,609	\$2,848,427	\$2,848,427	\$2,848,427	\$949,476				\$7,595,804					\$29,433,742
Reallocations	\$930	\$174	\$174	\$174	\$58		\$2,034	\$2,034	(\$4,274)		\$0	\$902		-
Adjusted Actual	\$15,192,539	\$2,848,601	\$2,848,601	\$2,848,601	\$949,534		\$2,034	\$2,034	\$7,591,531		\$0	\$902		\$29,433,742
Target	\$14,455,598	\$2,713,396	\$2,713,396	\$2,713,396	\$904,465				\$7,263,944		\$0			\$28,050,799
+/- Target	\$736,941	\$135,205	\$135,205	\$135,205	\$45,069		\$2,034	\$2,034	\$327,587		\$0	\$902		\$1,382,943
%+/- Target	5.10%	4.98%	4.98%	4.98%	4.98%				4.51%					4.93%
Prior Year Actual	\$13,995,594	\$2,624,174	\$2,624,174	\$2,624,174	\$874,725		\$1,811	\$1,811	\$7,025,091			\$588		\$27,146,158
+/- Prior Year	\$1,196,945	\$224,427	\$224,427	\$224,427	\$74,809		\$223	\$223	\$566,440		\$0	\$314		\$2,287,585
%+/- Prior Year	8.55%	8.55%	8.55%	8.55%	8.55%				8.06%					8.43%
Year-to-Date:														
Actual	\$30,552,204	\$5,728,538	\$5,728,538	\$5,728,538	\$1,909,513				\$15,276,102					\$59,194,895
Reallocations	\$1,614	\$303	\$303	\$303	\$101		\$2,775	\$2,775	(\$7,059)		\$0	\$1,963		-
Adjusted Actual	\$30,553,818	\$5,728,841	\$5,728,841	\$5,728,841	\$1,909,614		\$2,775	\$2,775	\$15,269,043		\$0	\$1,963		\$59,194,895
Target	\$29,761,723	\$5,579,201	\$5,579,201	\$5,579,201	\$1,859,733				\$14,859,900		\$0			\$57,639,758
+/- Target	\$792,095	\$149,640	\$149,640	\$149,640	\$49,881		\$2,775	\$2,775	\$409,143		\$0	\$1,963		\$1,555,137
%+/- Target	2.66%	2.68%	2.68%	2.68%	2.68%				2.75%					2.70%
Prior Year Actual	\$28,777,312	\$5,395,746	\$5,395,746	\$5,395,746	\$1,798,582		\$3,958	\$3,958	\$14,371,277			\$2,210		\$55,744,831
+/- Prior Year	\$1,776,506	\$333,095	\$333,095	\$333,095	\$111,032		(\$1,183)	(\$1,183)	\$897,765		\$0	(\$247)		\$3,450,064
%+/- Prior Year	6.17%	6.17%	6.17%	6.17%	6.17%				6.25%					6.19%
														(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.

CITY OF OKLAHOMA CITY
USE TAX COLLECTIONS
August 2008

	<u>General Fund</u>	<u>Police/Fire Equipment</u>	<u>City & Schools</u>	<u>MAPS</u>	<u>Total Use Tax</u>
Current Month:					
Actual	\$2,577,794	-	\$896,624	-	\$3,474,418
Reallocations	\$14,195	\$15,650	(\$29,889)	\$44	-
Adjusted Actual	\$2,591,989	\$15,650	\$866,735	\$44	\$3,474,418
Target	\$2,914,664	-	\$1,008,941	-	\$3,923,605
+/- Target	(\$322,675)	\$15,650	(\$142,206)	\$44	(\$449,187)
%+/- Target	-11.07%	-	-14.09%	-	-11.45%
Prior Year Actual	\$2,734,720	\$295	\$950,845	(\$0)	\$3,685,859
+/- Prior Year	(\$142,731)	\$15,355	(\$84,110)	\$44	(\$211,441)
%+/- Prior Year	-5.22%	-	-8.85%	-	-5.74%
Year-to-Date:					
Actual	\$4,722,788	-	\$1,642,709	-	\$6,365,497
Reallocations	\$12,990	\$7,756	(\$20,809)	\$64	-
Adjusted Actual	\$4,735,778	\$7,756	\$1,621,900	\$64	\$6,365,497
Target	\$5,289,528	-	\$1,830,304	-	\$7,119,832
+/- Target	(\$553,750)	\$7,756	(\$208,404)	\$64	(\$754,335)
%+/- Target	-10.47%	-	-11.39%	-	-10.59%
Prior Year Actual	\$4,962,966	\$378	\$1,724,913	\$948	\$6,689,205
+/- Prior Year	(\$227,188)	\$7,378	(\$103,013)	(\$885)	(\$323,707)
%+/- Prior Year	-4.58%	-	-5.97%	-	-4.84%
		(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.