

City Manager Report

The City of
OKLAHOMA CITY

NO: 6796

DATE: OCTOBER 14, 2008

TO: THE MAYOR and MEMBERS OF THE CITY COUNCIL

SUBJECT: SALES AND USE TAX REPORT FOR SEPTEMBER 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.

Combined sales and use taxes for the General Fund are \$871,126 above target for the year.

General Fund Sales Tax

The September allocation of sales tax to the General Fund totaled \$16,065,931. This is \$902,645 or 5.95 percent above target and 9.56 percent above September 2007 collections. The September check includes payments by major taxpayers for the second half of July and estimated payments for the first part of August. The State's reimbursement to the City for the sales tax holiday will be seen in October's check.

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 Sept)	7.32%

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

FY 2009 Sales Tax Major Category Growth Rates

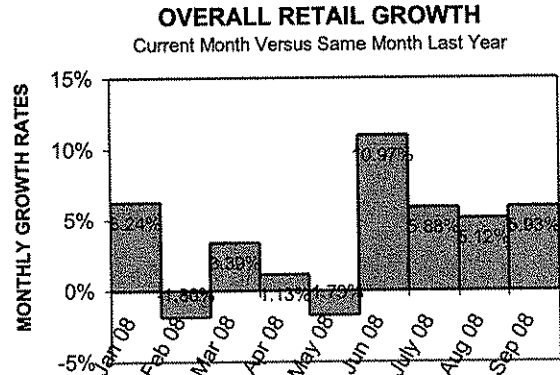
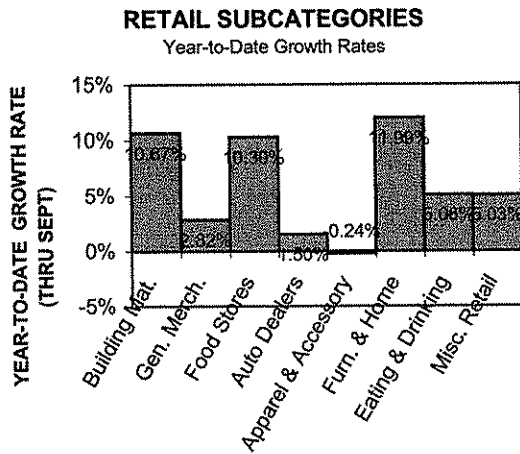
Category	Year-to-Date Growth Rate	% of Total Sales Tax
Retail	5.93%	60.69%
Transportation & Utilities	17.05%	12.50%
Wholesale	11.65%	11.24%
Services	2.89%	10.25%
Manufacturing	-1.74%	3.88%
Non-Classified	21.26%	0.91%
Other Miscellaneous	40.03%	0.53%
Overall Growth Rate:	7.32%	100.00%

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

Overall, most sales tax categories are doing very well. Retail had an exceptional quarter, up 5.93% over the prior year, elevated by large gains in building materials, food stores and furniture home. Transportation and utilities category is up 17.05% over the prior year on increased utility

subcategory remittances. Wholesale has continued last year's growth while service's high rate of growth seen in FY 2008 has seemed to slow in the 1st quarter of FY 2009.

The furniture and home (11.99%), building materials (10.67%) and food stores (10.30%) subcategories of retail are all exhibiting double-digit year-to-date growth rates. Eating and drinking (5.06%) and miscellaneous retail (5.03%) are also showing lower but solid growth rates. Soft retail sales in July and August of the prior year contributed to this year's good retail start.

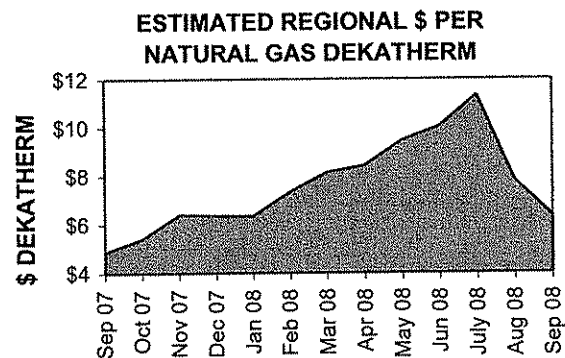
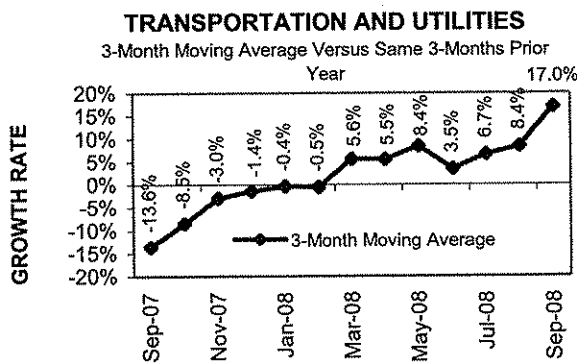


Building materials and furniture and home are up sharply after being flat for much of last year.

The impact of federal tax rebates can be seen in June's check above. 1st quarter growth in FY 2009 has been strong.

While inflation affects all categories to some extent, food inflation has been particularly high.

The transportation & utilities category is up 17.05 percent over the same quarter last year. The public utilities subcategory is up 25.88 percent while the telecommunications and other subcategory is up 5.36 percent for the year.



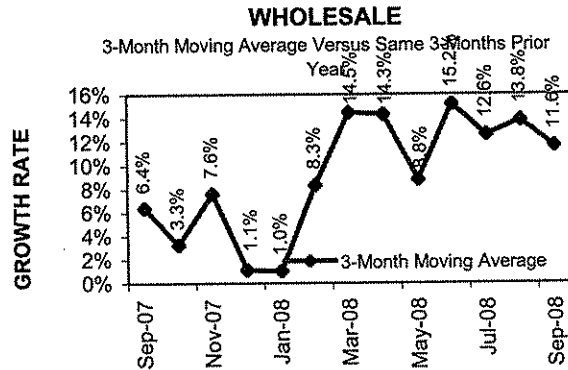
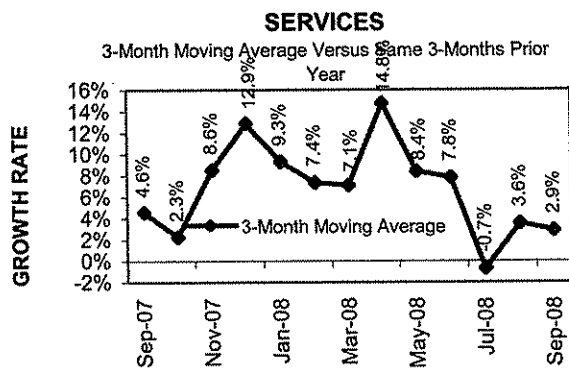
The above graph is based on a 3-month moving average growth rate as compared to the same 3 months in the previous year due to the volatility of remittances.

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

The transportation and utilities category is trending upward after being down much of last year.

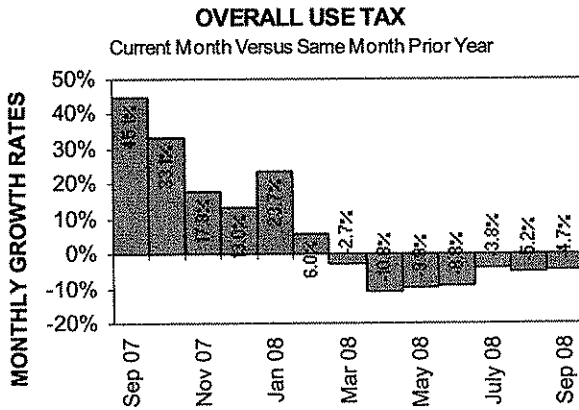
This was the highest price spike since hurricane Katrina.

The overall services category is up 2.89 percent over the prior year. The wholesale category is up 11.65 percent for the 1st quarter, continuing the strong growth seen in the later half of FY 2008.



General Fund Use Tax

The September allocation of sales tax to the General Fund totaled \$2,277,733. This is \$269,864 or 10.59 percent below target and 4.71 percent below September 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 seven 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, use tax has entered a period of contraction.

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 Sept)	-4.62%

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

FY 2009 Sales Tax Major Category Growth Rates

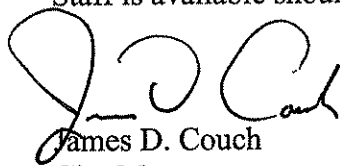
Category	Year-to-Date Growth Rate	% of Total Use Tax
Wholesale	46.45%	34.27%
Retail	-36.90%	16.76%
Services	-22.07%	12.38%
Non-Classified	-19.85%	11.28%
Transportation & Utilities	18.35%	7.34%
Manufacturing	5.35%	6.21%
Mining	-19.26%	5.39%
Other Miscellaneous	-22.25%	6.38%
Overall Growth Rate:	-4.62%	100.00%

Five out of eight categories are showing significant decreases over the same quarter in the previous year.

The largest category, wholesale, is up 46.45 percent over the prior year, mostly attributable to large increases in purchases of medical and oilfield equipment.

Retail is down 36.90 percent due to large credits in September that correct taxpayer's previous period remittances.

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

A handwritten signature in black ink, appearing to read 'J D Couch', written in a cursive style.

James D. Couch
City Manager

CITY OF OKLAHOMA CITY
SALES TAX COLLECTIONS
September 2008

	<u>General Fund</u>	<u>Police Public Safety</u>	<u>Fire Public Safety</u>	<u>Zoo</u>	<u>Police/Fire Equipment</u>	<u>MAPS for Kids</u>	<u>MAPS</u>	<u>Total Sales Tax</u>
Current Month:								
Actual	\$16,066,259	\$3,012,424	\$3,012,424	\$1,004,141	-	\$8,033,129	-	\$31,128,377
Reallocations	(\$328)	(\$61)	(\$61)	(\$20)	\$299	(\$45)	\$217	-
Adjusted Actual	\$16,065,931	\$3,012,362	\$3,012,362	\$1,004,121	\$299	\$8,033,084	\$217	\$31,128,377
Target	\$15,163,286	\$2,843,012	\$2,843,012	\$947,671	-	\$7,579,029	-	\$29,376,010
+/- Target	\$902,645	\$169,350	\$169,350	\$56,450	\$299	\$454,055	\$217	\$1,752,367
%+/- Target	5.95%	5.96%	5.96%	5.96%	-	5.99%	-	5.97%
Prior Year Actual	\$14,664,149	\$2,749,528	\$2,749,528	\$916,509	\$1,041	\$7,329,815	\$176	\$28,410,746
+/- Prior Year	\$1,401,783	\$262,834	\$262,834	\$87,611	(\$742)	\$703,270	\$41	\$2,717,631
%+/- Prior Year	9.56%	9.56%	9.56%	9.56%	-	9.59%	-	9.57%
Year-to-Date:								
Actual	\$46,618,463	\$8,740,962	\$8,740,962	\$2,913,654	-	\$23,309,231	-	\$90,323,272
Reallocations	\$1,287	\$241	\$241	\$80	\$3,074	(\$7,104)	\$2,180	-
Adjusted Actual	\$46,619,749	\$8,741,203	\$8,741,203	\$2,913,734	\$3,074	\$23,302,127	\$2,180	\$90,323,272
Target	\$44,925,009	\$8,422,213	\$8,422,213	\$2,807,404	-	\$22,438,929	-	\$87,015,768
+/- Target	\$1,694,740	\$318,990	\$318,990	\$106,330	\$3,074	\$863,198	\$2,180	\$3,307,504
%+/- Target	3.77%	3.79%	3.79%	3.79%	-	3.85%	-	3.80%
Prior Year Actual	\$43,441,460	\$8,145,274	\$8,145,274	\$2,715,091	\$4,999	\$21,701,092	\$2,387	\$84,155,577
+/- Prior Year	\$3,178,289	\$595,929	\$595,929	\$198,643	(\$1,925)	\$1,601,035	(\$206)	\$6,167,695
%+/- Prior Year	7.32%	7.32%	7.32%	7.32%	-	7.38%	-	7.39%
					(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.

CITY OF OKLAHOMA CITY
USE TAX COLLECTIONS
September 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	\$2,277,096	-	\$792,034	-	\$3,069,130
Reallocations	\$636	\$219	(\$756)	(\$100)	-
Adjusted Actual	\$2,277,733	\$219	\$791,278	(\$100)	\$3,069,130
Target	\$2,547,597	-	\$859,039	-	\$3,406,636
+/- Target	(\$269,864)	\$219	(\$67,761)	(\$100)	(\$337,506)
%+/- Target	-10.59%	-	-7.89%	-	-9.91%
Prior Year Actual	\$2,390,314	\$7,358	\$809,574	\$2,940	\$3,210,186
+/- Prior Year	(\$112,582)	(\$7,139)	(\$18,297)	(\$3,039)	(\$141,056)
%+/- Prior Year	-4.71%	-	-2.26%	-	-4.39%
Year-to-Date:					
Actual	\$6,999,885	-	\$2,434,743	-	\$9,434,627
Reallocations	\$13,626	\$7,975	(\$21,565)	(\$36)	-
Adjusted Actual	\$7,013,511	\$7,975	\$2,413,178	(\$36)	\$9,434,627
Target	\$7,837,125	-	\$2,689,343	-	\$10,526,468
+/- Target	(\$823,614)	\$7,975	(\$276,165)	(\$36)	(\$1,091,841)
%+/- Target	-10.51%	-	-10.27%	-	-10.37%
Prior Year Actual	\$7,353,280	\$7,736	\$2,534,487	\$3,888	\$9,899,391
+/- Prior Year	(\$339,769)	\$239	(\$121,309)	(\$3,924)	(\$464,763)
%+/- Prior Year	-4.62%	-	-4.79%	-	-4.69%
	(1)	(1)	(1)	(1)	(1)

NOTES:

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