

City Manager Report

The City of OKLAHOMA CITY

NO: 6813

DATE: DECEMBER 2, 2008

TO: THE MAYOR and MEMBERS OF THE CITY COUNCIL

SUBJECT: SALES AND USE TAX REPORT FOR NOVEMBER 2008

Combined sales and use taxes for the General Fund are \$2,239,883 above target for the year.

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

General Fund Sales Tax

The November allocation of sales tax to the General Fund totaled \$15,547,301. This is \$469,132 or 3.11 percent above target and 6.59 percent above November 2007 collections. The November check includes payments by major taxpayers for the second half of September and estimated payments for the first part of October.

Overall, the largest sales tax categories are doing very well. Retail has seen good performance over the five-month period elevated by growth across most categories. Transportation and utilities category is up 13.65% over the same period in the prior year on increased utility and telecommunication remittances. Wholesale has continued last year's double-digit increases while the high rate of growth seen in services last year has appeared to slow in FY 2009.

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 November) | 5.90% |

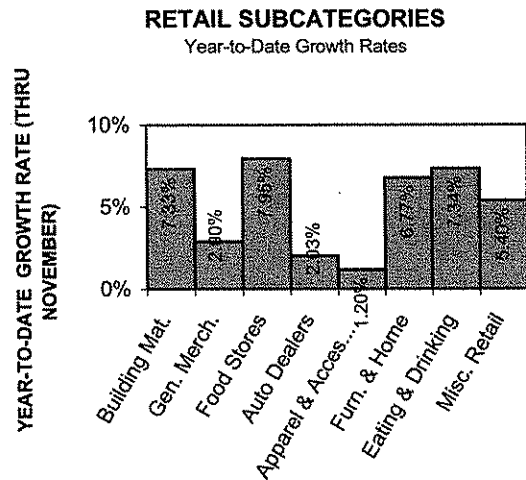
Although growth slowed in FY 2008, the first five months of FY 2009 have exceeded budget.

FY 2009 Sales Tax Major Category Growth Rates

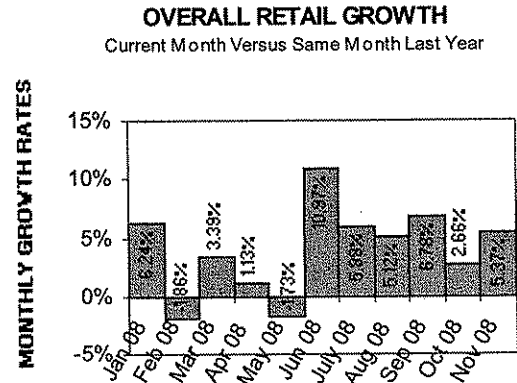
| Category | Year-to-Date Growth Rate | % of Total Sales Tax |
|-----------------------------|-------------------------------------|---------------------------------|
| Retail | 5.37% | 59.38% |
| Transportation & Utilities | 13.65% | 12.48% |
| Wholesale | 12.26% | 11.21% |
| Services | -3.10% | 10.45% |
| Manufacturing | 4.01% | 4.17% |
| Non-Classified | -5.12% | 1.31% |
| Other Miscellaneous | 20.88% | 0.98% |
| Overall Growth Rate: | 5.96% | 100.00% |

The three largest categories, retail, transportation & utilities and wholesale have strong year-to-date growth rates.

Retail overall grew by 5.37% in the current month as compared to same month last year. Food stores and eating and drinking, historically solid performing subcategories, are exhibiting the largest percentage growth. Building materials and furniture have surged this year after being down much of last year.



All subcategories are positive for the year.



The impact of federal tax rebates can be seen in June's check above. Retail, our largest category, continues to have solid increases over the prior year.

Overall, the transportation and utilities category is up 13.65 percent over the same five-month period last year. The public utilities subcategory is up 18.43 percent while the telecommunications subcategory is up 7.02 percent for the year. While natural gas indexes have decreased in the last five-months with a lower cost for natural gas, this category is not expected to decrease significantly in the future due to accumulation of winter supplies at higher rates before the drop in prices.

The wholesale category is up 12.26 percent for the year, continuing the strong growth seen in the latter half of FY 2008. When comparing the current month to the same month in the previous year, wholesale has had double-digit growth in eight of the last nine months.

The overall services category is down 3.10 percent below previous year collections. Business services and other services are showing significant decreases for the year while hotel growth has moderated.

General Fund Use Tax

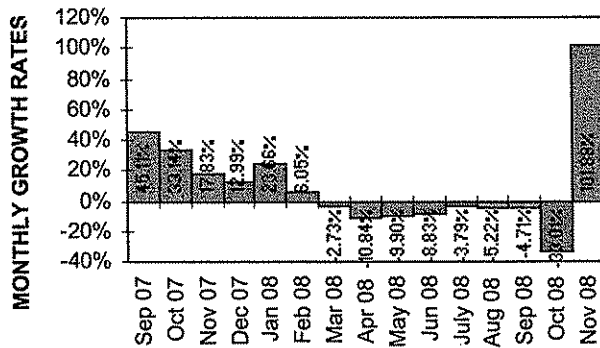
The November allocation of use tax to the General Fund totaled \$4,717,335. This is \$2,227,023 or 89.43 percent above target and 101.88 percent above November 2007 collections.

In November's check there was a \$2.5 million tax payment resulting from a field audit performed by the Oklahoma Tax Commission for use taxes not paid. This payment was large enough to raise use tax collections significantly above target and prior year.

The \$2.5 million payment was for a three-year period. Prorating this payment across the three years, November use tax would have decreased by 6.82 percent below November of 2007.

OVERALL USE TAX

Current Month Versus Same Month Prior Year



The large November increase in use tax is attributable to Oklahoma Tax Commission field audit collections.

Without the large audit payment, use tax would have decreased 6.82 percent below November 2007.

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 November) | 9.86% |

The large one time payment this month has raised the current year's growth rate to levels seen in prior years.

FY 2009 Sales Tax Major Category Growth Rates

| Category | Year-to-Date Growth Rate | % of Total Use Tax |
|-----------------------------|--------------------------|--------------------|
| Wholesale | 16.78% | 27.74% |
| Retail | -24.92% | 18.29% |
| Services | -15.46% | 11.47% |
| Non-Classified | -10.65% | 8.96% |
| Transportation & Utilities | 4.20% | 5.90% |
| Manufacturing | 16.04% | 6.14% |
| Mining | 207.06% | 20.30% |
| Other Miscellaneous | -28.53% | 1.19% |
| Overall Growth Rate: | 9.86% | 100.00% |

Many categories are showing significant decreases below the same five-month period in the previous year.

Use tax is a tax on goods purchased outside of Oklahoma for use, storage or consumption within the City of Oklahoma City. Business expansion, renovation or large investments in equipment and technology often are responsible for large use tax remittances. Use tax may be considered a barometer for the economy as local and national companies may curtail expansion or delay large equipment purchases in an uncertain economy.

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


James D. Couch
City Manager

CITY OF OKLAHOMA CITY
SALES TAX COLLECTIONS
 November 2008

| | General Fund | Police Public Safety | Fire Public Safety | Zoo | Police/Fire Equipment | MAPS for Kids | MAPS | Total Sales Tax |
|-----------------------|--------------|----------------------|--------------------|-------------|-----------------------|---------------|-----------|-----------------|
| Current Month: | | | | | | | | |
| Actual | \$15,546,650 | \$2,914,997 | \$2,914,997 | \$971,666 | - | \$7,773,325 | - | \$30,121,634 |
| Reallocations | \$651 | \$122 | \$122 | \$41 | \$1,398 | (\$3,764) | \$1,430 | - |
| Adjusted Actual | \$15,547,301 | \$2,915,119 | \$2,915,119 | \$971,706 | \$1,398 | \$7,769,561 | \$1,430 | \$30,121,634 |
| Target | \$15,078,169 | \$2,827,157 | \$2,827,157 | \$942,386 | - | \$7,539,084 | - | \$29,213,953 |
| +/- Target | \$469,132 | \$87,962 | \$87,962 | \$29,320 | \$1,398 | \$230,477 | \$1,430 | \$907,681 |
| %+/- Target | 3.11% | 3.11% | 3.11% | 3.11% | - | 3.06% | - | 3.11% |
| Prior Year Actual | \$14,585,542 | \$2,734,789 | \$2,734,789 | \$911,596 | \$999 | \$7,283,868 | \$1,754 | \$28,253,338 |
| +/- Prior Year | \$961,759 | \$180,330 | \$180,330 | \$60,110 | \$399 | \$485,693 | (\$324) | \$1,868,296 |
| %+/- Prior Year | 6.59% | 6.59% | 6.59% | 6.59% | - | 6.67% | - | 6.61% |
| Year-to-Date: | | | | | | | | |
| Actual | \$77,902,086 | \$14,606,641 | \$14,606,641 | \$4,868,880 | - | \$38,951,043 | - | \$150,935,291 |
| Reallocations | \$2,226 | \$417 | \$417 | \$139 | \$4,947 | (\$11,795) | \$3,648 | - |
| Adjusted Actual | \$77,904,312 | \$14,607,058 | \$14,607,058 | \$4,869,020 | \$4,947 | \$38,939,248 | \$3,648 | \$150,935,291 |
| Target | \$76,065,897 | \$14,261,130 | \$14,261,130 | \$4,753,710 | - | \$38,000,817 | - | \$147,342,684 |
| +/- Target | \$1,838,415 | \$345,928 | \$345,928 | \$115,310 | \$4,947 | \$938,431 | \$3,648 | \$3,592,607 |
| %+/- Target | 2.42% | 2.43% | 2.43% | 2.43% | - | 2.47% | - | 2.44% |
| Prior Year Actual | \$73,561,546 | \$13,792,790 | \$13,792,790 | \$4,597,597 | \$8,540 | \$36,743,958 | \$5,487 | \$142,502,708 |
| +/- Prior Year | \$4,342,766 | \$814,269 | \$814,269 | \$271,423 | (\$3,593) | \$2,195,290 | (\$1,840) | \$8,432,583 |
| %+/- Prior Year | 5.90% | 5.90% | 5.90% | 5.90% | - | 5.97% | - | 5.92% |
| | | | | | | | (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
November 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 | \$4,717,230 | - | \$1,640,776 | - | \$6,358,006 |
| Reallocations | \$105 | (\$130) | (\$73) | \$98 | - |
| Adjusted Actual | \$4,717,335 | (\$130) | \$1,640,703 | \$98 | \$6,358,006 |
| Target | \$2,490,312 | - | \$862,376 | - | \$3,352,688 |
| +/- Target | \$2,227,023 | (\$130) | \$778,327 | \$98 | \$3,005,318 |
| %+/- Target | 89.43% | - | 90.25% | - | 89.64% |
| Prior Year Actual | \$2,336,702 | \$24 | \$812,346 | \$213 | \$3,149,285 |
| +/- Prior Year | \$2,380,632 | (\$154) | \$828,357 | (\$114) | \$3,208,721 |
| %+/- Prior Year | 101.88% | - | 101.97% | - | 101.89% |
| Year-to-Date: | | | | | |
| Actual | \$13,487,841 | - | \$4,691,423 | - | \$18,179,264 |
| Reallocations | (\$61,710) | (\$93,829) | \$155,467 | \$72 | - |
| Adjusted Actual | \$13,426,132 | (\$93,829) | \$4,846,890 | \$72 | \$18,179,264 |
| Target | \$13,024,664 | - | \$4,505,969 | - | \$17,530,633 |
| +/- Target | \$401,468 | (\$93,829) | \$340,921 | \$72 | \$648,631 |
| %+/- Target | 3.08% | - | 7.57% | - | 3.70% |
| Prior Year Actual | \$12,220,689 | (\$7,579) | \$4,246,135 | \$4,667 | \$16,463,913 |
| +/- Prior Year | \$1,205,443 | (\$86,250) | \$600,755 | (\$4,596) | \$1,715,351 |
| %+/- Prior Year | 9.86% | - | 14.15% | - | 10.42% |
| | | (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.