

City Manager Report

The City of
OKLAHOMA CITY

NO: 6832

DATE: FEBRUARY 3, 2009

TO: THE MAYOR and MEMBERS OF THE CITY COUNCIL

SUBJECT: SALES AND USE TAX REPORT FOR JANUARY 2009

Combined sales and use taxes for the General Fund are \$2,563,907 above target for the year.

Several variables have improved FY 2009 collections compared to the previous fiscal year. Recently, the Oklahoma Tax Commission's Clean Slate '08 tax amnesty program allowed taxpayers to pay delinquent taxes, netting \$437,105 November and \$976,440 in December. Also in November, the City received a \$2.5 million use tax field audit payment, improving use tax year-to-year comparisons considerably. Federal tax rebate spending appeared to boost the retail category's growth in July and August, although it is unquantifiable.

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 January allocation of sales tax to the General Fund totaled \$16,111,448. This is \$283,354 or 1.73 percent below target and 1.61 percent above January 2008 collections. The January check contains a large portion of Christmas sales, including payments by major taxpayers for the second half of November and estimated payments for the first part of December.

January's below target check pushed down year-to-date growth to 5.72 percent. Double-digit growth is still being seen in transportation and utilities and wholesale.

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 January)	5.72%

Although growth slowed in FY 2008, the first six 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	3.84%	60.23%
Transportation & Utilities	12.69%	12.03%
Wholesale	13.69%	11.23%
Services	2.89%	10.69%
Manufacturing	6.53%	4.12%
Non-Classified	3.57%	0.96%
Other Miscellaneous	-0.90%	0.74%
Overall Growth Rate:	5.72%	100.00%

Retail overall decreased 1.60% as compared to the same month last year, bringing the year-to-date growth rate down to 3.84 percent. Five out of eight retail subcategories decreased in January 2009 versus the same period last year.

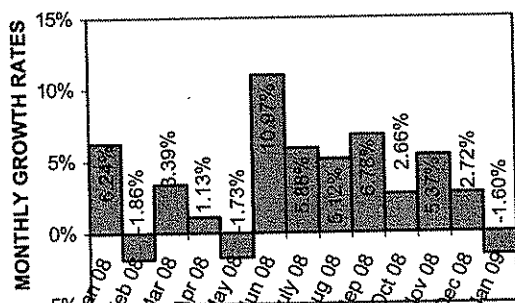
Many of the five subcategories showing decreases in January had major retailers posting significant decreases from January of 2008, outweighing the many retailers exhibiting healthy gains.

Food stores and eating/drinking establishments continued to exhibit good growth. Furniture and home bucked the trend and had an excellent month in January, boosting its year-to-date growth percentage to 3.59 percent.

January 2009 % Change from January 2008

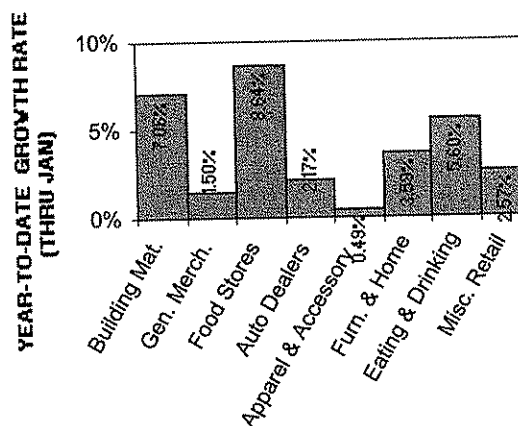
Category	% Change	% of Total Retail
Building Materials	-0.39%	11.53%
General Merchandise	-4.90%	23.29%
Food Stores	4.59%	8.56%
Auto Dealers	-6.55%	4.93%
Apparel & Accessory	-3.23%	6.13%
Furniture and Home	10.26%	12.07%
Eating & Drinking	3.03%	18.62%
Miscellaneous Retail	-10.54%	14.87%
Overall % Decrease:	-1.60%	100.00%

OVERALL RETAIL GROWTH
Current Month Versus Same Month Last Year



January's decrease of 1.60% brought an end to seven month's of positive increases over the same month prior year.

RETAIL SUBCATEGORIES
Year-to-Date Growth Rates



Food stores, building materials and eating and drinking subcategories are supporting retail's year-to-date growth rate of 3.84 percent.

Overall, the transportation and utilities category is up 12.69 percent over the same seven-month period last year. The public utilities subcategory is up 17.92 percent while the telecommunications subcategory is up 5.76 percent for the year. The January remittance contained a larger than normal payment from a utility, keeping the year-to-date growth in double digits. While natural gas prices have decreased since late summer, 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.

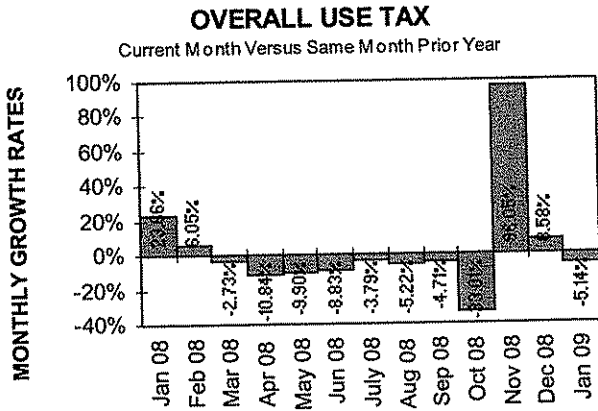
The wholesale category is up 13.69 percent for the year, continuing the strong growth seen in the latter half of FY 2008.

The overall services category is up 2.89 percent for the fiscal year. Major service subcategories hotels (2.15%), business services (-4.26%) and other services (9.01%) are showing mixed growth.

General Fund Use Tax

The January allocation of use tax to the General Fund totaled \$2,247,721. This is \$277,749 or 11.0 percent below target and 5.14 percent below January 2008 collections.

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.



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

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 January)	7.57%

The year-to-date growth rate of 7.57 percent reflects the large field audit collection of 2.5 million.

FY 2009 Use Tax Major Category Growth Rates

Category	Year-to-Date Growth Rate	% of Total Use Tax
Wholesale	9.78%	28.51%
Retail	-17.28%	20.50%
Mining	132.22%	15.79%
Services	-6.90%	12.30%
Non-Classified	-10.79%	8.69%
Manufacturing	31.41%	6.68%
Transportation & Utilities	-12.69%	6.25%
Other Miscellaneous	-2.94%	1.28%
Overall Growth Rate:	7.57%	100.00%

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

Large audit payments in November and December increased the mining category's growth rate significantly and helped year-to-date comparisons.

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


James D. Couch
City Manager

CITY OF OKLAHOMA CITY
SALES TAX COLLECTIONS
 January 2009

	General Fund	Police Public Safety	Fire Public Safety	Zoo	Police/Fire Equipment	MAPS for Kids	MAPS	Total Sales Tax
Current Month:								
Actual	\$16,102,704	\$3,019,257	\$3,019,257	\$1,006,419	-	\$8,051,352	-	\$31,198,990
Reallocations	\$8,744	\$1,639	\$547	\$547	\$4,257	(\$33,528)	\$16,702	-
Adjusted Actual	\$16,111,448	\$3,020,897	\$3,020,897	\$1,006,966	\$4,257	\$8,017,824	\$16,702	\$31,198,990
Target	\$16,394,802	\$3,074,034	\$3,074,034	\$1,024,678	-	\$8,197,180	-	\$31,764,728
+/- Target	(\$283,354)	(\$53,137)	(\$53,137)	(\$17,712)	\$4,257	(\$179,356)	\$16,702	(\$565,738)
%+/- Target	-1.73%	-1.73%	-1.73%	-1.73%	-	-2.19%	-	-1.78%
Prior Year Actual	\$15,855,752	\$2,972,953	\$2,972,953	\$990,984	(\$148)	\$7,927,640	\$300	\$30,720,435
+/- Prior Year	\$255,697	\$47,943	\$47,943	\$15,981	\$4,405	\$90,184	\$16,402	\$478,555
%+/- Prior Year	1.61%	1.61%	1.61%	1.61%	-	1.14%	-	1.56%
Year-to-Date:								
Actual	\$109,581,886	\$20,546,604	\$20,546,604	\$6,848,868	-	\$54,790,943	-	\$212,314,904
Reallocations	\$12,817	\$2,403	\$2,403	\$801	\$11,665	(\$52,366)	\$22,277	-
Adjusted Actual	\$109,594,703	\$20,549,007	\$20,549,007	\$6,849,669	\$11,665	\$54,738,577	\$22,277	\$212,314,904
Target	\$107,197,493	\$20,098,910	\$20,098,910	\$6,699,637	-	\$53,557,503	-	\$207,652,453
+/- Target	\$2,397,210	\$450,097	\$450,097	\$150,032	\$11,665	\$1,181,074	\$22,277	\$4,662,451
%+/- Target	2.24%	2.24%	2.24%	2.24%	-	2.21%	-	2.25%
Prior Year Actual	\$103,669,425	\$19,438,017	\$19,438,017	\$6,479,339	\$9,906	\$51,796,425	\$5,688	\$200,636,816
+/- Prior Year	\$5,925,278	\$1,110,990	\$1,110,990	\$370,330	\$1,759	\$2,942,153	\$16,589	\$11,478,088
%+/- Prior Year	5.72%	5.72%	5.72%	5.72%	-	5.68%	-	5.72%
					(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
 January 2009

	General Fund	Police/Fire Equipment	City & Schools	MAPS	Total Use Tax
Current Month:					
Actual	\$2,247,124	-	\$781,608	-	\$3,028,732
Reallocations	\$597	\$3,827	(\$5,068)	\$643	-
Adjusted Actual	\$2,247,721	\$3,827	\$776,540	\$643	\$3,028,732
Target	\$2,525,470	-	\$874,536	-	\$3,400,006
+/- Target	(\$277,749)	\$3,827	(\$97,996)	\$643	(\$371,274)
%+/- Target	-11.00%	-	-11.21%	-	-10.92%
Prior Year Actual	\$2,369,573	(\$9)	\$824,179	\$4	\$3,193,746
+/- Prior Year	(\$121,851)	\$3,836	(\$47,639)	\$639	(\$165,014)
%+/- Prior Year	-5.14%	-	-5.78%	-	-5.17%
Year-to-Date:					
Actual	\$18,073,605	-	\$6,286,471	-	\$24,360,076
Reallocations	(\$60,654)	(\$89,260)	\$148,856	\$1,058	-
Adjusted Actual	\$18,012,951	(\$89,260)	\$6,435,327	\$1,058	\$24,360,076
Target	\$17,846,254	-	\$6,175,135	-	\$24,021,389
+/- Target	\$166,697	(\$89,260)	\$260,192	\$1,058	\$336,687
%+/- Target	0.93%	-	4.21%	-	1.41%
Prior Year Actual	\$16,744,621	(\$7,487)	\$5,819,551	\$4,671	\$22,561,366
+/- Prior Year	\$1,268,330	(\$81,774)	\$615,767	(\$3,613)	\$1,798,710
%+/- Prior Year	7.57%	-	10.58%	-	7.97%
		(1)	(1)	(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.