



# City Manager Report

The City of  
**OKLAHOMA CITY**

**NO: 6843**

**DATE: MARCH 3, 2009**

**TO: THE MAYOR and MEMBERS OF THE CITY COUNCIL**

**SUBJECT: SALES AND USE TAX REPORT FOR FEBRUARY 2009**

Combined sales and use taxes for the General Fund are \$1,715,417 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 for Oklahoma City. Also in November, the City received a one-time \$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 February allocation of sales tax to the General Fund totaled \$15,970,212. This is \$479,939 or 2.92 percent below target and 0.38 percent above February 2008 collections. The February check includes payments by major taxpayers for the second half of December and estimated payments for the first part of January. This period includes the final ten days preceding Christmas.

February's below target check decreased the overall year-to-date growth to 5.01 percent. Retail growth has faltered in recent months whereas transportation, wholesale and manufacturing have year-to-date double-digit growth.

#### 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 February)	5.01%

*Although growth slowed in FY 2008, the first eight 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	2.86%	60.58%
Transportation & Utilities	12.78%	12.20%
Wholesale	10.11%	10.87%
Services	2.23%	10.39%
Manufacturing	15.13%	4.27%
Non-Classified	4.01%	1.27%
Other Miscellaneous	-2.37%	0.42%
<b>Overall Growth Rate:</b>	<b>5.01%</b>	<b>100.00%</b>

Retail overall decreased 3.12% compared to the same month last year, bringing the year-to-date growth rate down to 2.86 percent. This is the second consecutive month where five of eight subcategories posted decreases.

As with last month, food stores and eating/drinking establishments continue to exhibit positive growth. Building materials was up 3.01 percent in February.

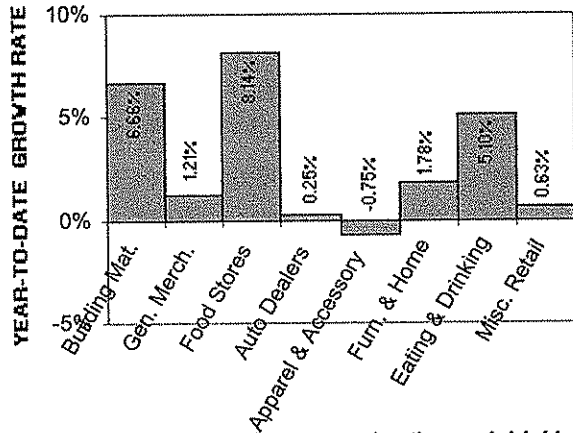
The decreases in retail seen the last two months flattened the year-to-date growth rates for five of the eight retail subcategories (see Retail Subcategories chart below).

Miscellaneous retail is down 8.84 percent due to a \$319,213 adjustment entered to February 2008 that was reversed in March 2008. Without this adjustment, miscellaneous retail would have had a decrease of 0.54 percent in February. The overall retail decrease of 3.12 percent would have improved to 1.57 percent.

**Retail - February 2009 % Change from February 2008**

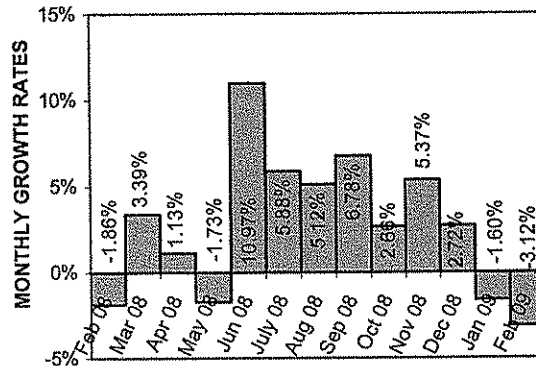
Category	% Change	% of Total Retail
Building Materials	3.01%	11.06%
General Merchandise	-0.45%	23.62%
Food Stores	4.87%	8.54%
Auto Dealers	-13.81%	4.77%
Apparel & Accessory	-7.15%	6.28%
Furniture and Home	-9.04%	12.02%
Eating & Drinking	1.76%	18.47%
Miscellaneous Retail	-8.84%	15.25%
<b>Overall % Decrease:</b>	<b>-3.12%</b>	<b>100.00%</b>

**RETAIL SUBCATEGORIES**  
Year-to-Date Growth Rates



Building materials, food stores and eating and drinking subcategories are supporting retail's year-to-date growth rate of 2.86 percent.

**OVERALL RETAIL GROWTH**  
Current Month Versus Same Month Last Year



Retail is down for the 2<sup>nd</sup> consecutive month with February's decrease of 3.12% from February of 2008.

The transportation and utilities category was up 13.33 percent over February 2008, improving the year-to-date growth rate to 12.78 percent. The public utilities subcategory has grown 24.12 percent year-to-date based largely on winter reserves accumulated when prices were higher. Staff is concerned that lower gas prices being seen currently will eventually begin to negatively impact this subcategory.

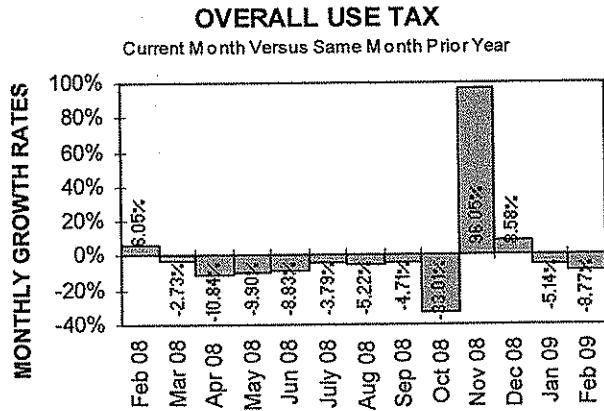
The wholesale category exhibited a 14.56 percent decrease from the same month prior year, bringing the year-to-date growth down to 10.11 percent. This was mostly attributable to several large remittances in the prior year.

The overall services category is up 2.23 percent year-to-date. Major service subcategories hotels (0.01%), business services (-2.88%) and other services (7.41%) are showing mixed growth.

General Fund Use Tax

The February allocation of use tax to the General Fund totaled \$2,190,749. This is \$368,550 or 14.40 percent below target and 8.77 percent below February 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.



*For the most part, use tax collections are posting decreases as compared to the same month in the prior year.*

*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 February)	5.52%

*The year-to-date growth rate of 5.52 percent includes 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	11.99%	29.17%
Retail	-19.09%	21.30%
Mining	115.67%	14.49%
Services	-10.99%	11.96%
Non-Classified	-4.87%	9.44%
Manufacturing	5.47%	5.87%
Transportation & Utilities	29.29%	6.43%
Other Miscellaneous	-22.66%	1.33%
<b>Overall Growth Rate:</b>	<b>5.52%</b>	<b>100.00%</b>

*Many categories are showing significant decreases below the same eight-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*  
for James D. Couch  
City Manager

**CITY OF OKLAHOMA CITY**  
**SALES TAX COLLECTIONS**  
*February 2009*

	<u>General Fund</u>	<u>Police Public Safety</u>	<u>Fire Public Safety</u>	<u>Zoo</u>	<u>Sports Facilities Improvement</u>	<u>MAPS for Kids</u>	<u>Police/Fire Equipment</u>	<u>MAPS</u>	<u>Total Sales Tax</u>
<b>Current Month:</b>									
Actual	\$15,966,633	\$2,993,744	\$2,993,744	\$997,915	-	-	-	-	\$22,952,035
Reallocations	\$3,579	\$671	\$671	\$224	\$2,645,187	\$5,321,590	\$2,674	\$8,721	7,983,316.46
Adjusted Actual	\$15,970,212	\$2,994,415	\$2,994,415	\$998,138	\$2,645,187	\$5,321,590	\$2,674	\$8,721	\$30,935,351
Target	\$16,450,151	\$3,084,451	\$3,084,451	\$1,028,150	\$4,085,098	\$4,139,978	-	-	\$31,872,279
+/- Target	(\$479,939)	(\$90,036)	(\$90,036)	(\$30,012)	(\$1,439,910)	\$1,181,612	\$2,674	\$8,721	(\$936,927)
%+/- Target	-2.92%	-2.92%	-2.92%	-2.92%	-35.25%	28.54%	-	-	-2.94%
Prior Year Actual	\$15,909,484	\$2,983,028	\$2,983,028	\$994,343	-	\$7,952,137	\$1,896	\$231	\$30,824,147
+/- Prior Year	\$60,727	\$11,386	\$11,386	\$3,795	\$2,645,187	(\$2,630,548)	\$778	\$8,491	\$111,204
%+/- Prior Year	0.38%	0.38%	0.38%	0.38%	-	-33.08%	-	-	0.36%
<b>Year-to-Date:</b>									
Actual	\$125,548,519	\$23,540,347	\$23,540,347	\$7,846,782	-	\$54,790,943	-	-	\$235,266,939
Reallocations	\$16,396	\$3,074	\$3,074	\$1,025	\$2,645,187	\$5,269,224	\$14,338	\$30,998	7,983,316.46
Adjusted Actual	\$125,564,914	\$23,543,421	\$23,543,421	\$7,847,807	\$2,645,187	\$60,060,167	\$14,338	\$30,998	\$243,250,255
Target	\$123,647,644	\$23,183,361	\$23,183,361	\$7,727,787	\$4,085,098	\$57,697,481	-	-	\$239,524,732
+/- Target	\$1,917,270	\$360,060	\$360,060	\$120,020	(\$1,439,910)	\$2,362,686	\$14,338	\$30,998	\$3,725,524
%+/- Target	1.55%	1.55%	1.55%	1.55%	-35.25%	4.09%	-	-	1.56%
Prior Year Actual	\$119,578,909	\$22,421,045	\$22,421,045	\$7,473,682	-	\$59,748,562	\$11,801	\$5,918	\$231,660,964
+/- Prior Year	\$5,986,005	\$1,122,376	\$1,122,376	\$374,125	\$2,645,187	\$311,605	\$2,537	\$25,080	\$11,589,291
%+/- Prior Year	5.01%	5.01%	5.01%	5.01%	-	0.52%	21.50%	423.75%	5.00%
					(3)	(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 target is based on estimated collections through December 31, 2008, at which point the tax expired. Actual collections, received in February 2009, are recorded under reallocations.
- (3) The Sports Facilities Improvement target is based on estimated collections from January 1, 2009. Actual collections, received in February 2009, are recorded under reallocations.

**CITY OF OKLAHOMA CITY**  
**USE TAX COLLECTIONS**  
*February 2009*

	<u>General Fund</u>	<u>City &amp; Schools</u>	<u>Sports Facilities Improvement</u>	<u>Police/Fire Equipment</u>	<u>MAPS</u>	<u>Total Use Tax</u>
<b>Current Month:</b>						
Actual	\$2,190,201	\$0	\$0	\$0	\$0	\$2,190,201
Reallocations	\$549	\$507,878	\$252,328	\$1,551	(\$497)	761,809
Adjusted Actual	\$2,190,749	\$507,878	\$252,328	\$1,551	(\$497)	\$2,952,010
Target	\$2,559,299	\$440,289	\$388,395	\$0	\$0	\$3,387,983
+/- Target	(\$368,550)	\$67,589	(\$136,067)	\$1,551	(\$497)	(\$435,973)
%+/- Target	-14.40%	15.35%	-35.03%	-	-	-12.87%
Prior Year Actual	\$2,401,366	\$834,761	\$0	\$397	\$3	\$3,236,527
+/- Prior Year	(\$210,617)	(\$326,883)	\$252,328	\$1,154	(\$500)	(\$284,517)
%+/- Prior Year	-8.77%	-39.16%	-	290.97%	-16835.02%	-8.79%
<b>Year-to-Date:</b>						
Actual	\$20,263,805	\$6,286,471	\$0	\$0	\$0	\$26,550,276
Reallocations	(\$60,105)	\$656,734	\$252,328	(\$87,709)	\$561	761,809
Adjusted Actual	\$20,203,700	\$6,943,206	\$252,328	(\$87,709)	\$561	\$27,312,085
Target	\$20,405,553	\$6,615,424	\$388,395	\$0	\$0	\$27,409,372
+/- Target	(\$201,853)	\$327,782	(\$136,067)	(\$87,709)	\$561	(\$97,287)
%+/- Target	-0.99%	4.95%	-35.03%	-	-	-0.35%
Prior Year Actual	\$19,145,987	\$6,654,322	\$0	(\$7,090)	\$4,674	\$25,797,893
+/- Prior Year	\$1,057,713	\$288,884	\$252,328	(\$80,619)	(\$4,113)	\$1,514,193
%+/- Prior Year	5.52%	4.34%	-	1137.05%	-88.00%	5.87%
				(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.
- (2) The City & Schools target accounts for the portion of Feb's sales tax receipts that were generated from sales prior to Jan 09. The actual for Feb 08 is recorded under reallocations.
- (3) The Sports Facilities Improvement target accounts for the portion of Feb's sales tax receipts that were generated from sales after Dec 08. The actual for Feb 08 is recorded under reallocator