

# City Manager Report

The City of  
**OKLAHOMA CITY**

**NO: 6866**

**DATE: APRIL 28, 2009**

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

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

Combined sales and use taxes for the General Fund are \$719,332 below target for the year.

Several extraordinary occurrences have affected FY 2009 collections earlier in the year such as federal tax rebates, the Oklahoma Tax Commission's Clean Slate tax amnesty program and a one-time \$2.5 million use tax field audit payment.

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

### General Fund Sales Tax

The April allocation of sales tax to the General Fund totaled \$13,647,192. This is \$1,504,152 or 9.93 percent below target and 6.88 percent below April 2008 collections. The April check includes actual collections for the second half of February and estimated collections for the first part of March by major taxpayers.

Sales tax year-to-date growth is 3.14 percent over the prior year, factoring in the large decreases seen in the current month. All major categories posted large decreases in the current month.

**FY 2009 SALES TAX - MAJOR CATEGORY GROWTH RATES**

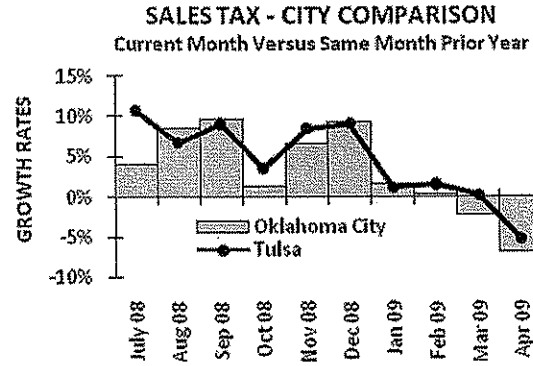
Category	Apr 09 % Change From Apr 08	Year-to-Date Growth Rate	% of Total Sales Tax
Retail	-2.68%	2.05%	60.60%
Transportation & Utilities	-4.95%	8.87%	12.68%
Wholesale	-13.91%	7.05%	10.66%
Services	-19.74%	-0.62%	10.33%
Manufacturing	-8.88%	8.76%	4.12%
Non-Classified	-46.49%	-9.82%	1.20%
Other Miscellaneous	-7.30%	-2.92%	0.41%
<b>Percentage Change:</b>	<b>-6.88%</b>	<b>3.14%</b>	<b>100.00%</b>

*April's check contains sharp decreases across the board.*

- *Retail, wholesale and services' decline is attributable to decreases across many major remitters.*
- *Transportation & utilities category is impacted by low natural gas prices.*
- *Manufacturing and non-classified's declines can be traced back to large decreases of single companies in each category.*

The April sales tax drop of 6.88 percent below prior year is particularly extreme and represents a severe drop-off of consumer and business spending. Rarely have all categories declined at the same time, causing a deeper decrease than seen in the previous recession. In a comparison of tax remittances between the months of April 2008 and April 2009, 60% of major taxpayers remitted less in the current month.

Sales tax for The City of Tulsa tracks very similarly to The City of Oklahoma City. Tulsa also experienced a sharp decline in April with a decrease of 5.16 percent. Surrounding suburban areas such as Edmond, Midwest City, Moore and Yukon generally were not negative but rather had flatter growth rates than normal. Their more resilient growth rates may be attributable to increases seen in the number of large retailers opening in suburbia.

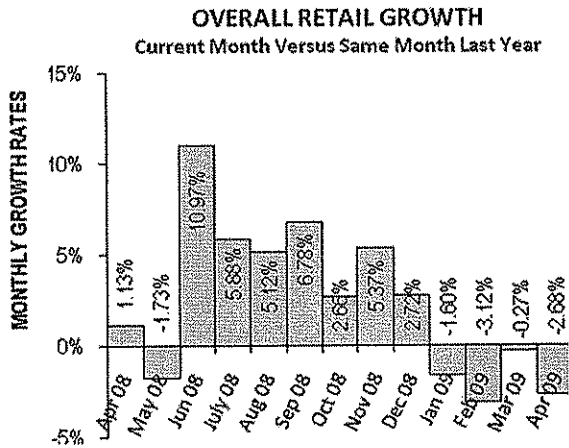


The Nelson A. Rockefeller Institute of Government released their April Independent Research on America's State and Local Governments report which states that thirty-four of forty-five states with broad-based sales taxes had declines, and seven states had double-digit declines in the 4<sup>th</sup> quarter of 2008. Overall, sales tax collections were down 6.1 nationally in the 4<sup>th</sup> quarter. The City of Oklahoma City did not begin seeing decreases until March 2009.

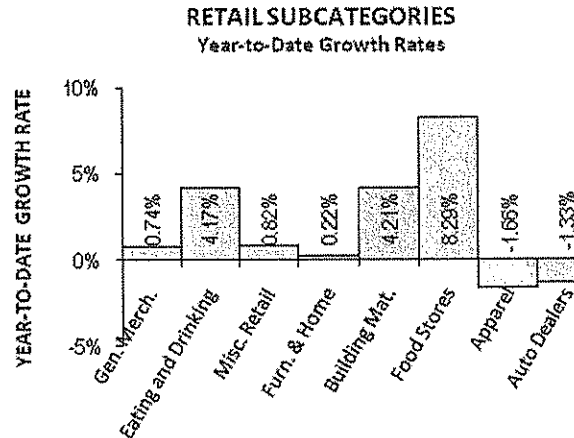
Retail, which accounts for 60 percent of collections, decreased 2.68% as compared to the same month last year, bringing the year-to-date growth rate down to 2.05 percent.

Seven of the eight retail subcategories had flat or negative growth in the current month as compared to the same month last year. Food stores continued to post consistent gains with an increase of 4.70 percent.

RETAIL - APRIL 09 % CHANGE FROM APRIL 08		
Category	% Change	% of Total Retail
General Merchandise	-6.78%	23.64%
Eating & Drinking	0.61%	18.80%
Miscellaneous Retail	-4.70%	15.20%
Furniture and Home	-3.11%	11.86%
Building Materials	-2.25%	10.88%
Food Stores	4.70%	8.65%
Apparel & Accessory	-9.24%	6.24%
Auto Dealers	-2.44%	4.72%
<b>Overall % Decrease:</b>	<b>-2.68%</b>	<b>100.00%</b>



Retail, which accounts for 60 percent of collections, is down for the 4th consecutive month with this month's decrease of 2.68 percent.



Food stores, building materials and eating and drinking subcategories are supporting retail's year-to-date growth rate of 2.05 percent.

Transportation & utilities was down 4.95 percent overall with subcategories telecommunication and utilities down 3.92 and 5.57 percent, respectively. Staff believes that there is a significant

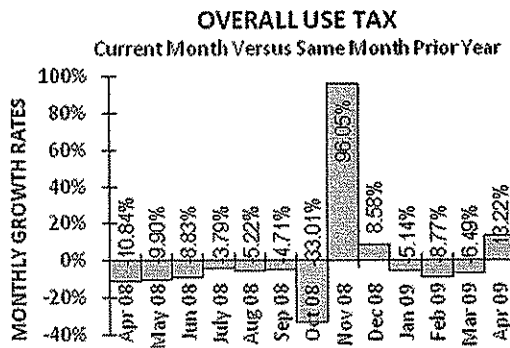
risk of continued decreases being seen from this category as inventories of lower priced natural gas work their way to consumers.

The services category posted a sharp decrease of 19.74 percent with the hotels subcategory down 12.92 percent and business services down 36.47 percent.

Wholesale posted a large decline of 13.91 percent on large decreases by various major remitters.

General Fund Use Tax

The April allocation of use tax to the General Fund totaled \$2,240,803. This is \$131,420 or 6.23 percent above target and 13.22 percent above April 2008 collections. An extremely large payment by a business in miscellaneous retail is responsible for most of the growth seen in the current month.



The April check was up 13.22 percent over the prior year due to a single large remittance. For the most part, however, use tax collections have been 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 April)	5.11%

The year-to-date growth rate of 5.11 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	5.99%	28.50%
Retail	-11.66%	23.49%
Mining	104.68%	13.01%
Services	-1.40%	12.98%
Non-Classified	-12.37%	8.51%
Manufacturing	31.77%	6.35%
Transportation & Utilities	3.29%	5.81%
Other Miscellaneous	-27.20%	1.34%
<b>Overall Growth Rate:</b>	<b>5.11%</b>	<b>100.00%</b>

Large audit payments in November and December increased the mining category's growth rate significantly and improved year-to-date comparisons. Staff is available should you have questions or require additional information.

*[Signature]*  
James D. Couch  
City Manager

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

	General Fund	Police Public Safety	Fire Public Safety	Zoo	Sports Facilities Improvement	MAPS for Kids	Police/Fire Equipment	MAPS	Total Sales Tax
<b>Current Month:</b>									
Actual	\$13,646,715	\$2,558,759	\$2,558,759	\$852,920	\$6,823,358	-	-	-	\$26,440,511
Reallocations	\$477	\$89	\$89	\$30	(\$146,416)	\$139,509	\$954	\$5,268	-
Adjusted Actual	\$13,647,192	\$2,558,848	\$2,558,848	\$852,950	\$6,676,942	\$139,509	\$954	\$5,268	\$26,440,511
Target	\$15,151,344	\$2,841,272	\$2,841,272	\$947,091	\$7,570,290	-	-	-	\$29,351,269
+/- Target	(\$1,504,152)	(\$282,424)	(\$282,424)	(\$94,142)	(\$893,348)	\$139,509	\$954	\$5,268	(\$2,910,758)
%+/- Target	-9.93%	-9.94%	-9.94%	-9.94%	-11.80%	-	-	-	-9.92%
Prior Year Actual	\$14,655,173	\$2,747,845	\$2,747,845	\$915,948	-	\$7,321,363	\$585	\$1,694	\$28,390,454
+/- Prior Year	(\$1,007,981)	(\$188,996)	(\$188,996)	(\$62,999)	\$6,676,942	(\$7,181,854)	\$368	\$3,573	(\$1,949,944)
%+/- Prior Year	-6.88%	-6.88%	-6.88%	-6.88%	-	-98.09%	62.92%	210.90%	-6.87%
<b>Year-to-Date:</b>									
Actual	\$152,963,655	\$28,680,685	\$28,680,685	\$9,560,228	\$13,707,568	\$54,790,943	\$1,450,634	-	\$289,834,400
Reallocations	\$16,872	\$3,164	\$3,164	\$1,055	\$2,498,772	\$5,408,733	\$15,292	\$36,266	7,983,316.46
Adjusted Actual	\$152,980,527	\$28,683,849	\$28,683,849	\$9,561,283	\$16,206,340	\$60,199,676	\$1,465,926	\$36,266	\$297,817,716
Target	\$153,359,663	\$28,755,231	\$28,755,231	\$9,585,077	\$18,929,908	\$57,697,481	-	-	\$297,082,591
+/- Target	(\$379,136)	(\$71,382)	(\$71,382)	(\$23,794)	(\$2,723,568)	\$2,502,195	\$1,465,926	\$36,266	\$735,126
%+/- Target	-0.25%	-0.25%	-0.25%	-0.25%	-14.39%	4.34%	-	-	0.25%
Prior Year Actual	\$148,318,405	\$27,809,701	\$27,809,701	\$9,269,900	-	\$74,105,245	\$13,938	\$8,191	\$287,335,081
+/- Prior Year	\$4,662,123	\$874,148	\$874,148	\$291,383	\$16,206,340	(\$13,905,568)	\$1,451,988	\$28,074	\$10,482,635
%+/- Prior Year	3.14%	3.14%	3.14%	3.14%	-	-18.76%	-	342.73%	3.65%
					(2)	(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 tax ended Dec 31, 2008. It was replaced by the Sports Facilities Improvement Tax Jan 1, 2009.

**CITY OF OKLAHOMA CITY**  
**USE TAX COLLECTIONS**  
*April 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	\$2,240,917	-	\$779,449	-	-	\$3,020,366
Reallocations	(\$114)	\$4,961	(\$3,393)	(\$1,472)	\$18	-
Adjusted Actual	\$2,240,803	\$4,961	\$776,056	(\$1,472)	\$18	\$3,020,366
Target	\$2,109,383	-	\$640,222	-	-	\$2,749,605
+/- Target	\$131,420	\$4,961	\$135,835	(\$1,472)	\$18	\$270,761
%+/- Target	6.23%	-	21.22%	-	-	9.85%
Prior Year Actual	\$1,979,180	\$687,935	-	\$437	\$5	\$2,667,556
+/- Prior Year	\$261,623	(\$682,974)	\$776,056	(\$1,909)	\$13	\$352,809
%+/- Prior Year	13.22%	-99.28%	-	-436.52%	262.27%	13.23%
<b>Year-to-Date:</b>						
Actual	\$24,434,378	\$6,286,471	\$1,450,634	-	-	\$32,171,484
Reallocations	(\$60,219)	\$661,695	\$248,935	(\$89,181)	\$579	761,809
Adjusted Actual	\$24,374,160	\$6,948,167	\$1,699,569	(\$89,181)	\$579	\$32,933,293
Target	\$24,714,356	\$6,615,424	\$1,696,146	-	-	\$33,025,926
+/- Target	(\$340,196)	\$332,743	\$3,423	(\$89,181)	\$579	(\$92,633)
%+/- Target	-1.38%	5.03%	0.20%	-	-	-0.28%
Prior Year Actual	\$23,188,766	\$8,059,608	-	(\$5,590)	\$4,084	\$31,246,867
+/- Prior Year	\$1,185,394	(\$1,111,441)	\$1,699,569	(\$83,591)	(\$3,505)	\$1,686,425
%+/- Prior Year	5.11%	-13.79%	-	-85.83%	-85.83%	5.40%
		(2)	(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 City & Schools tax ended Dec 31, 2008. It was replaced by the Sports Facilities Improvement Tax Jan 1, 2009.