



City Manager Report

The City of
OKLAHOMA CITY

NO: 6872
DATE: MAY 19, 2009
TO: THE MAYOR and MEMBERS OF THE CITY COUNCIL
SUBJECT: SALES AND USE TAX REPORT FOR MAY 2009

Combined sales and use taxes for the General Fund are \$2,427,211 below target for the year. 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 May allocation of sales tax to the General Fund totaled \$13,688,771. This is \$1,509,146 or 9.93 percent below target and 6.94 percent below May 2008 collections. The May remittance includes actual collections for the second half of March and estimated collections for the first half of April by major taxpayers.

Sales tax year-to-date growth is 2.23 percent over the prior year despite the large decreases seen in the last several months. Most major categories posted large decreases in the current month.

FY 2009 SALES TAX - MAJOR CATEGORY GROWTH RATES

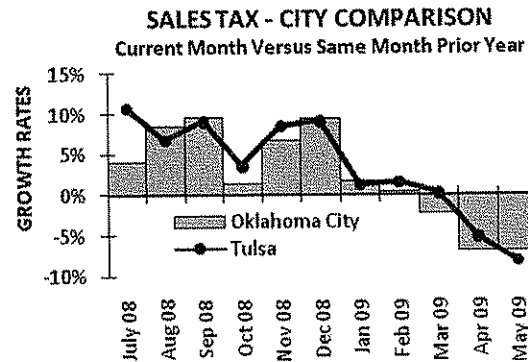
Category	May 09 %		% of Total Sales Tax
	Change From May 08	Year-to-Date Growth Rate	
Retail	-3.74%	1.53%	60.78%
Transportation & Utilities	-5.85%	7.45%	12.71%
Wholesale	-22.10%	4.28%	10.53%
Services	-6.64%	-1.14%	10.32%
Manufacturing	-16.48%	6.47%	4.07%
Non-Classified	2.98%	-9.08%	1.18%
Other Miscellaneous	-27.66%	-5.55%	0.41%
Percentage Change:	-6.94%	2.23%	100.00%

May's check contains sharp decreases across all categories except non-classified:

- *Retail, wholesale and services' declines are attributable to decreases across many major remitters*
- *Transportation & utilities category is impacted by low natural gas prices*
- *Manufacturing's decrease can be traced back to large decreases of several companies*

The May sales tax drop of 6.94 percent follows on the heels of last month's 6.88 percent drop below the same month last year. Rarely has the City seen drops in consumer and business spending this severe. In a comparison of tax remittances between the months of May 2008 and May 2009, 55% 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 experienced a sharper decline in May with a decrease of 8.08 percent. Surrounding suburban areas such as Edmond, Midwest City, and Moore had relatively flat or negative remittances as compared to May of last year. Yukon was the exception with an increase of 23 percent over prior year. Their more resilient growth rates may be attributable to increases seen in the number of large retailers opening in our surrounding cities.



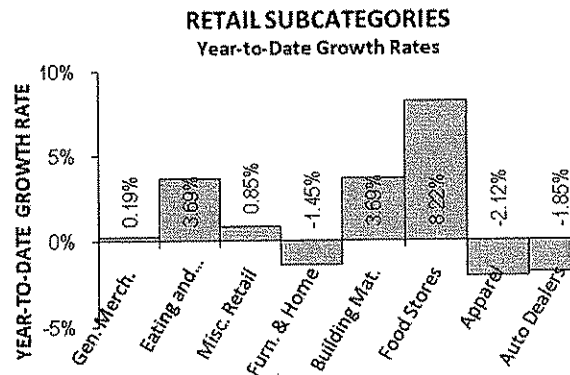
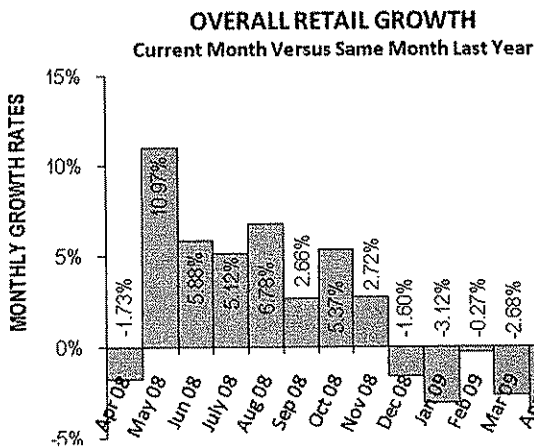
The Nelson A. Rockefeller Institute of Government released their May Independent Research on America's State and Local Governments reporting that states with broad-based sales taxes saw an average first quarter decrease of 7.6 percent from the prior year. The City of Oklahoma City did not begin seeing decreases until March 2009.

Retail, which accounts for 60 percent of collections, decreased 3.74% as compared to the same month last year, lowering the year-to-date growth rate down to 1.53 percent.

RETAIL - MAY 09 % CHANGE FROM MAY 08

Category	% Change	% of Total Retail
General Merchandise	-5.61%	23.53%
Eating & Drinking	-0.79%	18.96%
Miscellaneous Retail	1.17%	15.21%
Furniture and Home	-20.95%	11.58%
Building Materials	-1.00%	11.00%
Food Stores	7.49%	8.72%
Apparel & Accessory	-6.75%	6.24%
Auto Dealers	-6.88%	4.76%
Overall % Decrease:	-3.74%	100.00%

Six of the eight retail subcategories had negative growth in the current month as compared to May of last year. Food stores continued to defy the trend with an increase of 7.49 percent. The Wall Street Journal quoted Michael Swanson, a Wells Fargo & Co. agricultural economist, as saying that he expects U.S. food prices to climb 4 to 4.5 percent this year which will be lower than the government's consumer price index for food in 2008 but well ahead of the 2005 and 2006 rates of 2.4 percent.



Retail, which accounts for 60 percent of collections, is down for the 5th consecutive month with this month's decrease of 3.74 percent.

Food stores, building materials and eating and drinking subcategories are supporting retail's year-to-date growth rate of 1.53 percent.

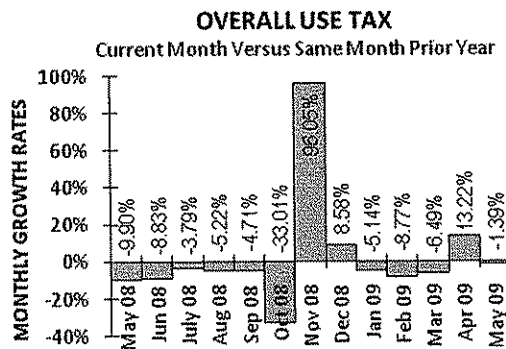
Transportation & utilities was down 5.85 percent overall with subcategories telecommunication up 12.98 percent and utilities down 16.56 percent. Staff believes that the City is beginning to see the results of lower priced gas with only 5 of 17 utility companies remitting more than in May of 2008. Staff is concerned that worsening decreases may be seen in utilities subcategories until fall.

The services category posted a sharp decrease of 1.14 percent with the hotels subcategory up 2.78 percent and business services down 11.82 percent.

Wholesale, which is the sale of goods to businesses for resale, posted a severe decline of 22.10 percent on large decreases by various major remitters.

General Fund Use Tax

The May allocation of use tax to the General Fund totaled \$2,321,360. This is \$198,733 or 7.89 percent below target and 1.39 percent below May 2008 collections.



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

Retail subcategory furniture and home is primarily responsible for retail's year-to-date decrease of 14.54 percent (see table below).

Within this subcategory, computers, software, appliances and consumer electronic related companies appear to be responsible for much of the decrease as people and businesses forego big-ticket items and remain wary of major purchases.

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 May)	4.51%

The year-to-date growth rate of 4.51 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	6.11%	28.23%
Retail	-14.54%	23.28%
Mining	103.29%	12.85%
Services	-3.37%	12.76%
Non-Classified	-3.70%	9.16%
Manufacturing	33.30%	6.54%
Transportation & Utilities	2.37%	5.79%
Other Miscellaneous	-35.64%	1.39%
Overall Growth Rate:	4.51%	100.00%

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.

As a reminder, 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.

James D. Couch
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 City Manager

CITY OF OKLAHOMA CITY
SALES TAX COLLECTIONS
 May 2009

	General Fund	Police		Fire		Zoo	Sports Facilities Improvement		MAPS for Kids	Police/Fire Equipment	MAPS	Total Sales Tax
		Public Safety	Public Safety	Public Safety	Public Safety							
Current Month:												
Actual	\$13,686,962	\$2,566,305	\$2,566,305	\$855,435	\$6,843,481							\$26,518,489
Reallocations	\$1,809	\$339	\$339	\$113	(\$178,781)					\$2,435	\$1,488	-
Adjusted Actual	\$13,688,771	\$2,566,644	\$2,566,644	\$855,548	\$6,664,700					\$2,435	\$1,488	\$26,518,489
Target	\$15,197,917	\$2,851,675	\$2,851,675	\$950,558	\$7,568,156							\$29,419,981
+/- Target	(\$1,509,146)	(\$285,031)	(\$285,031)	(\$95,010)	(\$903,456)					\$2,435	\$1,488	(\$2,901,492)
% +/- Target	-9.93%	-10.00%	-10.00%	-10.00%	-11.94%					-	-	-9.86%
Prior Year Actual	\$14,708,835	\$2,757,907	\$2,757,907	\$919,302						\$7,642	\$6,828	\$28,477,721
+/- Prior Year	(\$1,020,065)	(\$191,262)	(\$191,262)	(\$63,754)	\$6,664,700					(\$5,207)	(\$5,340)	(\$1,959,232)
% +/- Prior Year	-6.94%	-6.94%	-6.94%	-6.94%	-					-68.13%	-78.21%	-6.88%
Year-to-Date:												
Actual	\$166,650,617	\$31,246,991	\$31,246,991	\$10,415,664	\$20,551,049					\$2,258,041		\$317,160,295
Reallocations	\$18,681	\$3,503	\$3,503	\$1,168	\$2,319,991					\$17,727	\$37,753	7,983,316.46
Adjusted Actual	\$166,669,298	\$31,250,493	\$31,250,493	\$10,416,831	\$22,871,040					\$2,275,768	\$37,753	\$325,143,611
Target	\$168,557,580	\$31,606,906	\$31,606,906	\$10,535,635	\$26,498,064							\$326,502,572
+/- Target	(\$1,888,282)	(\$356,413)	(\$356,413)	(\$118,804)	(\$3,627,024)					\$2,275,768	\$37,753	(\$1,358,960)
% +/- Target	-1.12%	-1.13%	-1.13%	-1.13%	-13.69%					-	-	-0.42%
+/- Target												
% +/- Target												
Prior Year Actual	\$163,027,240	\$30,567,608	\$30,567,608	\$10,189,203						\$21,580	\$15,019	\$315,812,802
+/- Prior Year	\$3,642,058	\$682,886	\$682,886	\$227,629	\$22,871,040					\$2,254,188	\$22,734	\$9,330,809
% +/- Prior Year	2.23%	2.23%	2.23%	2.23%	-25.86%					10445.59%	151.37%	2.95%

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
May 2009

	<u>General Fund</u>	<u>City & Schools</u>	<u>Sports Facilities Improvement</u>	<u>Police/Fire Equipment</u>	<u>MAPS</u>	<u>Total Use Tax</u>
Current Month:						
Actual	\$2,321,293	-	\$807,406	-	-	\$3,128,700
Reallocations	\$67	(\$3,384)	\$2,485	\$834	(\$3)	-
Adjusted Actual	\$2,321,360	(\$3,384)	\$809,892	\$834	(\$3)	\$3,128,700
Target	\$2,520,093	-	\$761,460	-	-	\$3,281,553
+/- Target	(\$198,733)	(\$3,384)	\$48,432	\$834	(\$3)	(\$152,854)
%+/- Target	-7.89%	-	6.36%	-	-	-4.66%
Prior Year Actual	\$2,353,976	\$847,983	-	(\$13,531)	(\$1,483)	\$3,186,946
+/- Prior Year	(\$32,616)	(\$851,366)	\$809,892	\$14,365	\$1,480	(\$58,246)
%+/- Prior Year	-1.39%	-100.40%	-	-106.17%	-99.80%	-1.83%
Year-to-Date:						
Actual	\$26,755,672	\$6,286,471	\$2,258,041	-	-	\$35,300,183
Reallocations	(\$60,152)	\$658,312	\$251,420	(\$88,347)	\$576	761,809
Adjusted Actual	\$26,695,520	\$6,944,783	\$2,509,461	(\$88,347)	\$576	\$36,061,992
Target	\$27,234,449	\$6,615,424	\$2,457,606	-	-	\$36,307,479
+/- Target	(\$538,929)	\$329,359	\$51,855	(\$88,347)	\$576	(\$245,487)
%+/- Target	-1.98%	4.98%	2.11%	-	-	-0.68%
Prior Year Actual	\$25,542,742	\$8,907,590	-	(\$19,121)	\$2,601	\$34,433,813
+/- Prior Year	\$1,152,778	(\$1,962,807)	\$2,509,461	(\$69,226)	(\$2,026)	\$1,628,179
%+/- Prior Year	4.51%	-22.04%	-	362.05%	-77.87%	4.73%
		(2)	(2)	(1)	(1)	

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