

City Manager Report

The City of OKLAHOMA CITY

NO: 6877
DATE: JUNE 23, 2009
TO: THE MAYOR and MEMBERS OF THE CITY COUNCIL
SUBJECT: SALES AND USE TAX REPORT FOR JUNE 2009

Combined sales and use taxes for the General Fund are \$3,798,058 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 June allocation of sales tax to the General Fund totaled \$13,840,768. This is \$1,282,422 or 8.48 percent below target and 8.46 percent below June 2008 collections. The June remittance includes actual collections for the second half of April and estimated collections for the first half of May by major taxpayers.

SALES TAX HISTORY		FY 2009 SALES TAX - MAJOR CATEGORY GROWTH RATES			
Fiscal Year	Year over Year Growth Rate	Category	June 09 % Change From June 08	Year-to-Date % Change	% of Total Sales Tax
FY 2006	6.85%	Retail	-6.87%	0.81%	60.92%
FY 2007	5.96%	Transportation & Utilities	8.32%	7.51%	12.67%
FY 2008	3.95%	Wholesale	-25.58%	1.46%	10.44%
FY 2009	1.33%	Services	1.46%	-0.94%	10.37%
		Manufacturing	-42.26%	1.50%	3.99%
		Non-Classified	-38.07%	-11.55%	1.16%
		Other Miscellaneous	66.32%	0.67%	0.44%
		Overall Growth Rate:	-8.46%	1.33%	100.00%

FY 2009 started with excellent growth but sales tax faltered in the final six months, bringing down the FY 2009 growth rate to 1.33%.

Retail's decrease of 6.87% is considered to be partly attributable to the prior June's large increase of 10.97% which was attributable to federal stimulus taxpayer rebate checks. Manufacturing was down due to a large refund of prior period taxes in the amount of \$147,125. Wholesale is down due to decreases across many remitters, notably among electrical and industrial machinery related businesses.

The June sales tax drop of 8.46 percent below June of 2008 is the largest monthly decrease so far this fiscal year as 60% of major taxpayer remitted less in the current month than the same month last year. Sales tax year-to-date growth is 1.33 percent over the prior year despite mounting decreases seen the last several months.

Sales tax for The City of Tulsa tracks very similarly to The City of Oklahoma City. Tulsa also experienced a steep decrease of 7.47 percent from the previous June. Our eastern neighbor Midwest City decreased 6.4 percent from June 2008 after several months of positive but flat

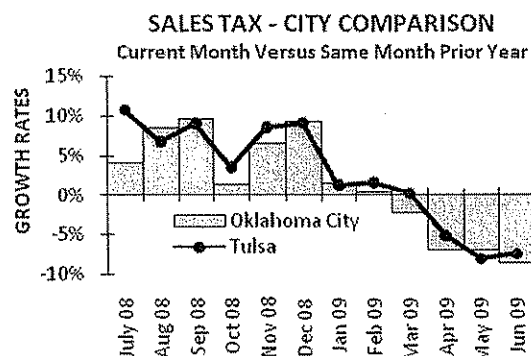
growth. Yukon was flat while Edmond and Moore had 4.6 and 5.5 percent increases, demonstrating less sensitivity to the economic downturn. Year-to-date growth rates of surrounding municipalities are Midwest City 3.9 percent, Yukon 6.6 percent, Edmond 7.0 percent and Moore 11.2 percent.

On the national stage, consumer spending was up in May on increases in gasoline prices, which nationally is up about a dollar since the end of last year according to the American Automobile Association. Personal saving as a percentage of disposable personal income was up 5.7 percent in April, compared with 4.5 percent in March as consumers become more conservative with their spending. Consumer confidence rose for the fourth straight month suggesting that the worst may be over.

Retail, which accounts for 60 percent of collections, decreased 6.87 percent compared to the same month last year, lowering the year-to-date growth rate down to 0.81 percent.

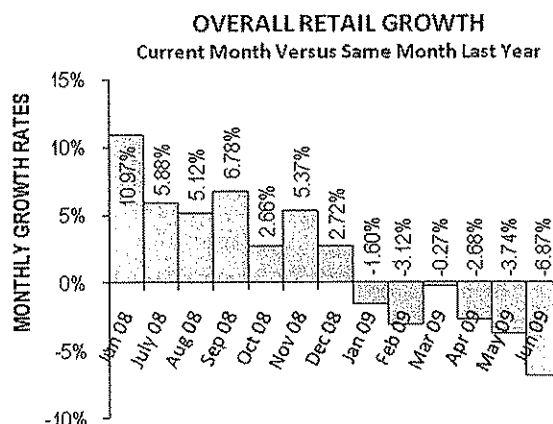
Seven of the eight retail subcategories had negative growth in the current month as compared to June of last year. Food stores subcategory, which has been retail's solid performer, was down by 0.19 percent but is still up 7.48 percent for the year.

Building materials subcategory was down 11.11 percent primarily due to home improvement related stores while electronics stores were responsible for much of the large furniture and home decrease. Auto dealers subcategory was down on decreased activity with dealers and some weakness in tire related businesses.

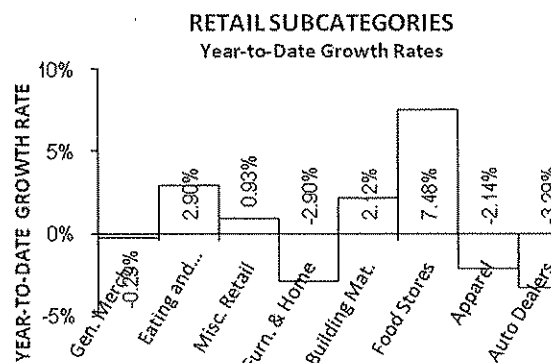


RETAIL - JUNE 09 % CHANGE FROM JUNE 08

Category	% Change	% of Total Retail
General Merchandise	-6.05%	23.39%
Eating & Drinking	-5.16%	19.03%
Miscellaneous Retail	1.86%	15.19%
Furniture and Home	-17.78%	11.54%
Building Materials	-11.11%	11.16%
Food Stores	-0.19%	8.75%
Apparel & Accessory	-2.39%	6.21%
Auto Dealers	-18.03%	4.74%
Overall % Decrease:	-6.87%	100.00%



It is important to remember that June 2008 was a difficult month to compare to with growth of 10.97%. Last June was the month that we began seeing increases due to taxpayer rebate check spending.



Food stores have done better than other subcategories, in part due to food price inflation.

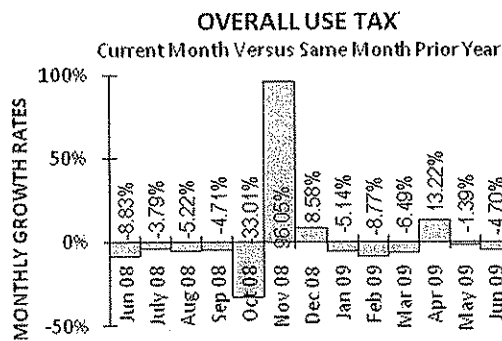
Transportation & utilities category was up 8.32 percent overall with subcategories telecommunication down 1.68 percent and utilities up 18.06 percent.

The services category was flat at -0.94 percent with the hotels subcategory up 3.08 percent and business services down 12.28 percent.

Wholesale posted a severe decline of 25.58 percent on large decreases by many different remitters; only 44 percent of companies remitted more than the previous year. Last month we also saw a large decrease in wholesale.

General Fund Use Tax

The June allocation of use tax to the General Fund totaled \$1,830,527. This is \$88,425 or 4.61 percent below target and 4.70 percent below June 2008 collections.



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

Retail subcategory furniture and home is primarily responsible for retail's year-to-date decrease of 12.13 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 businesses forego big-ticket items and remain wary of major purchases.

USE TAX GROWTH RATE HISTORY

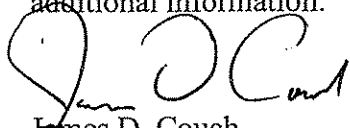
Fiscal Year	Year over Year Growth Rate
FY 2006	16.90%
FY 2007	9.81%
FY 2008	9.56%
FY 2009	3.87%

The year-to-date growth rate of 3.87 percent includes the large field audit collection of 2.5 million as discussed in chart commentary above.

FY 2009 USE TAX - MAJOR CATEGORY GROWTH RATES

Category	Year-to-Date % Change	% of Total Use Tax
Wholesale	8.38%	28.39%
Retail	-12.13%	24.12%
Mining	83.38%	11.63%
Services	-6.20%	12.64%
Non-Classified	-5.43%	9.12%
Manufacturing	32.74%	6.61%
Transportation & Utilities	2.09%	6.06%
Other Miscellaneous	-34.26%	1.43%
Overall Growth Rate:	3.87%	100.00%

Large audit payments in November 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.


James D. Couch
City Manager

CITY OF OKLAHOMA CITY
SALES TAX COLLECTIONS
June 2009

	General Fund	Police Public Safety		Fire Public Safety		Zoo	Sports Facilities Improvement		MAPS for Kids		Police/Fire Equipment	MAPS	Total Sales Tax
Current Month:													
Actual	\$13,840,785	\$2,595,147	\$2,595,147	\$865,049	\$6,920,393								\$26,816,522
Reallocations	(\$17)	(\$3)	(\$3)	(\$1)	(\$18,949)				\$25,272		(\$7,081)	\$783	-
Adjusted Actual	\$13,840,768	\$2,595,144	\$2,595,144	\$865,048	\$6,901,443				\$25,272		(\$7,081)	\$783	\$26,816,522
Target	\$15,123,190	\$2,833,238	\$2,833,238	\$944,413	\$7,558,328								\$29,292,407
+/- Target	(\$1,282,422)	(\$238,094)	(\$238,094)	(\$79,365)	(\$656,884)				\$25,272		(\$7,081)	\$783	(\$2,475,885)
%+/- Target	-8.48%	-8.40%	-8.40%	-8.40%	-8.69%				-		-	-	-8.45%
Prior Year Actual	\$15,120,179	\$2,835,034	\$2,835,034	\$945,011					\$7,562,990		(\$4,595)	\$978	\$29,294,631
+/- Prior Year	(\$1,279,411)	(\$239,890)	(\$239,890)	(\$79,963)	\$6,901,443				(\$7,537,719)		(\$2,486)	(\$195)	(\$2,478,109)
%+/- Prior Year	-8.46%	-8.46%	-8.46%	-8.46%	-				-99.67%		54.10%	-19.91%	-8.46%
Year-to-Date:													
Actual	\$180,491,403	\$33,842,138	\$33,842,138	\$11,280,713	\$27,471,442				\$54,790,943		\$2,894,784		\$344,613,560
Reallocations	\$18,664	\$3,499	\$3,499	\$1,167	\$2,301,042				\$5,606,263		\$10,646	\$38,537	7,983,316.46
Adjusted Actual	\$180,510,066	\$33,845,637	\$33,845,637	\$11,281,879	\$29,772,483				\$60,397,206		\$2,905,430	\$38,537	\$352,586,877
Target	\$183,680,770	\$34,440,144	\$34,440,144	\$11,480,048	\$34,056,391				\$57,697,481				\$355,794,978
+/- Target	(\$3,170,704)	(\$594,507)	(\$594,507)	(\$198,169)	(\$4,283,908)				\$2,699,725		\$2,905,430	\$38,537	(\$3,198,101)
%+/- Target	-1.73%	-1.73%	-1.73%	-1.73%	-12.58%				4.68%		-	-	-0.90%
Prior Year Actual	\$178,147,419	\$33,402,641	\$33,402,641	\$11,134,214					\$88,987,535		\$16,985	\$15,997	\$345,107,433
+/- Prior Year	\$2,362,647	\$442,996	\$442,996	\$147,665	\$29,772,483				(\$28,590,329)		\$2,888,445	\$22,539	\$7,489,444
%+/- Prior Year	1.33%	1.33%	1.33%	1.33%	-				-32.13%		17005.81%	140.90%	2.17%
									(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 December 31, 2008. It was replaced by the Sports Facilities Improvement tax January 1, 2009.

CITY OF OKLAHOMA CITY
USE TAX COLLECTIONS
June 2009

	General Fund	City & Schools	Sports Facilities Improvement	Police/Fire Equipment	MAPS	Total Use Tax
Current Month:						
Actual	\$1,830,638	-	\$636,744	-	-	\$2,467,381
Reallocations	(\$111)	\$18,505	(\$18,108)	(\$285)	(\$1)	-
Adjusted Actual	\$1,830,527	\$18,505	\$618,635	(\$285)	(\$1)	\$2,467,381
Target	\$1,918,952	-	\$569,149	-	-	\$2,488,101
+/- Target	(\$88,425)	\$18,505	\$49,486	(\$285)	(\$1)	(\$20,719)
%+/- Target	-4.61%	-	8.69%	-	-	-0.83%
Prior Year Actual	\$1,920,750	\$665,613	-	\$609	\$483	\$2,587,455
+/- Prior Year	(\$90,223)	(\$647,108)	\$618,635	(\$894)	(\$484)	(\$120,074)
%+/- Prior Year	-4.70%	-97.22%	-	-146.76%	-100.19%	-4.64%
Year-to-Date:						
Actual	\$28,586,309	\$6,286,471	\$2,894,784	-	-	\$37,767,565
Reallocations	(\$60,263)	\$676,816	\$233,312	(\$88,632)	\$575	761,809
Adjusted Actual	\$28,526,047	\$6,963,288	\$3,128,096	(\$88,632)	\$575	\$38,529,374
Target	\$29,153,401	\$6,615,424	\$3,026,755	-	-	\$38,795,580
+/- Target	(\$627,354)	\$347,864	\$101,341	(\$88,632)	\$575	(\$266,206)
%+/- Target	-2.15%	5.26%	3.35%	-	-	-0.69%
Prior Year Actual	\$27,463,492	\$9,573,203	-	(\$18,512)	\$3,085	\$37,021,268
+/- Prior Year	\$1,062,555	(\$2,609,916)	\$3,128,096	(\$70,120)	(\$2,510)	\$1,508,105
%+/- Prior Year	3.87%	-27.26%	-	378.79%	-81.37%	4.07%
		(2)	(2)	(1)	(1)	

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