

City Manager Report

The City of OKLAHOMA CITY

NO: 6884
DATE: AUGUST 4, 2009
TO: THE MAYOR and MEMBERS OF THE CITY COUNCIL
SUBJECT: SALES AND USE TAX REPORT FOR JULY 2009

July combined sales and use taxes for the General Fund are \$2,083,967 below target.

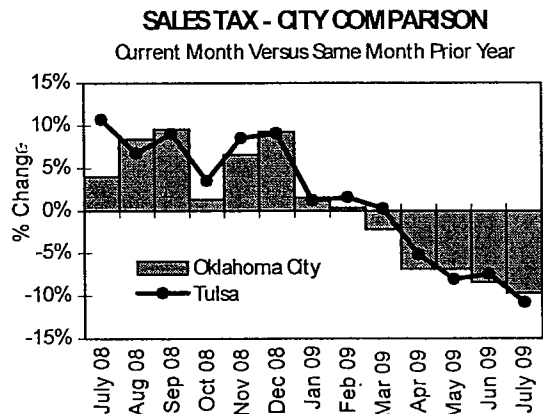
Following is a report on sales and use taxes for the City's General Fund. Schedules summarizing activity for all funds are attached.

General Fund Sales Tax

The July allocation of sales tax to the General Fund totaled \$13,876,397. This is \$1,981,051 or 12.49 percent below target and 9.67 percent below July 2008 collections. The July remittance includes actual collections for the second half of May and estimated collections for the first half of June by major taxpayers.

The July sales tax drop of 9.67 percent below July of 2008 is the largest monthly decrease since February 1994 not attributable to tax rate changes or state law changes. All categories decreased from the prior year with the exception of transportation & utilities which increased by 2.09%. Analysis of the data received from the Oklahoma Tax Commission indicates that the decreases we are seeing are not the result of missing payments or large refunds but rather the cumulative effect of many taxpayers remitting less than in the prior year. Federal stimulus rebate checks received in the prior year and the current state of the economy may be affecting comparisons to June 2008.

JULY SALES TAX		
Category	July 09 % Change From July 08	% of Total Sales Tax
Retail	-6.00%	65.31%
Transportation & Utilities	2.09%	11.94%
Services	-15.47%	9.86%
Wholesale	-30.98%	8.46%
Manufacturing	-10.00%	3.57%
Non-Classified	-55.08%	0.51%
Other Miscellaneous	-23.04%	0.36%
Overall % Change:	-9.67%	100.00%



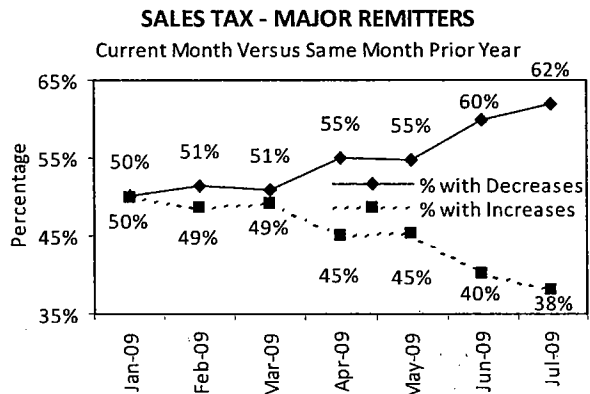
Almost all categories are down:

- Retail is negative for the seventh consecutive month, with 7 of 8 of its subcategories down.
- Transportation and Utilities is only category with an increase, buoyed by telecommunication related remittances.
- Services is down generally across car rentals, hotels and business services.
- Wholesale is exhibiting alarming decreases with 15 of 22 of the largest remitters posting double-digit decreases.

Tulsa's July remittance decrease exceeded that of Oklahoma City's, down 10.78 percent from the previous July. Midwest City and Edmond had declines of 3.8 and 1.3 percent, respectively whereas Moore and Yukon had increases of 17.4 and 6.8 percent. Large increases such as Moore's in this economic environment may be attributable to large new retailers opening in the southern area of Moore on I-35 as this contrasts with the large percentage decreases currently being experienced by the State, Tulsa and Oklahoma City. The State Treasurer's July 14th press release reported their June collections were 11.5 percent below prior year.

The Nelson A. Rockefeller Institute of Government in the July report states that nationwide sales tax collections in the January-March 2009 quarter were down 8.3 percent from the same quarter in the prior year.

The City's largest remitters tend to drive the change in our sales tax. An analysis of remitters who remit greater than \$10,000 on average reveals that over the last seven months the percentage of remittances exceeding the prior year has dropped dramatically. At this time, only 38% of major remitters are remitting more than they did in the prior year. This may be a combination of the federal taxpayer stimulus in the prior year and the current state of the economy.



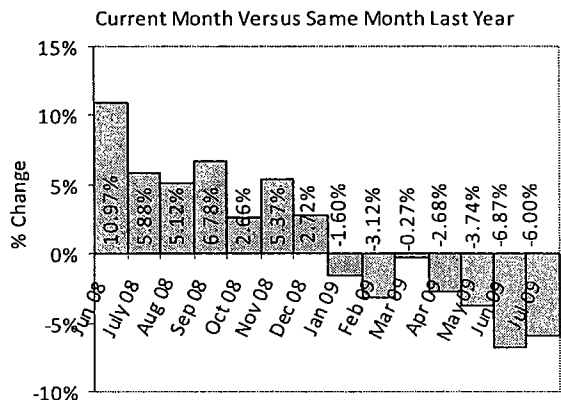
The above chart demonstrates how major remitters are increasingly remitting less than they did in the prior year. As of January 2009, 50% of all major taxpayers remitted more than they did in the prior year but in July 2009 only 38% remitted more.

Retail, which accounts for 65 percent of collections, decreased 6.00 percent compared to the same month last year. Seven of the eight retail subcategories had negative growth in the current month as compared to July of last year. Food stores subcategory, which has been retail's consistent performer, is up 6.03 percent. General Merchandise declined 4.16 percent on disappointing remittances from many large department stores. The loss of an anchor tenant at Crossroads Mall continues to impact this category. Eating and drinking subcategory declined for the third month in a row. Miscellaneous retail is down across many various retailers. Electronics, computers, appliances and furniture continue to impede the furniture and home category as consumers shy away from big-ticket items.

RETAIL - JULY 09 % CHANGE FROM JULY 08

Category	% Change	% of Total Retail
General Merchandise	-4.16%	23.32%
Eating & Drinking	-3.12%	19.97%
Miscellaneous Retail	-4.63%	14.77%
Building Materials	-1.51%	12.48%
Furniture and Home	-23.18%	9.84%
Food Stores	6.03%	9.36%
Apparel & Accessory	-9.56%	5.84%
Auto Dealers	-14.83%	4.42%
Overall % Change:	-6.00%	100.00%

OVERALL RETAIL GROWTH



Transportation & utilities category was up 2.09 percent overall with subcategories telecommunications up 4.25 percent and utilities flat at 0.28 percent.

The services category declined 15.47 percent with the hotels subcategory down 9.37 percent, business services down 12.28 percent and other services down 9.81 percent.

Wholesale posted another severe decline of 30.98 percent on large decreases by many different remitters. While 44 percent of all companies remitted more than the previous year, fifteen of the largest twenty-two remitters posted double-digit declines.

General Fund Use Tax

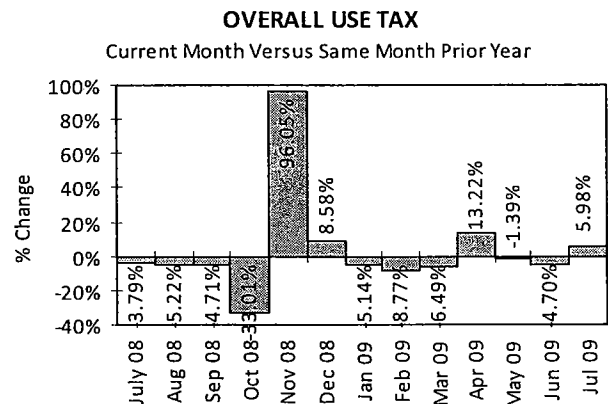
The July allocation of use tax to the General Fund totaled \$2,271,948. This is \$102,916 or 4.33 percent below target and 5.98 percent above July 2008 collections.

Use tax category wholesale is not showing the same drastic contraction as seen in the sales tax wholesale category. While highly volatile from month to month, it has increased for the third month in a row.

The medical establishment is a major remitter of use tax. This month several hospitals remitted large payments to the City significantly helping the services category growth rate and the use tax growth rate overall.

Retail is down due to large remittances in the prior year by computer companies and an audit collection that was credited to Oklahoma City in the previous month before being reapportioned this month to Oklahoma City and various municipalities.

JULY USE TAX		
Category	July 09 % Change From July 08	% of Total Use Tax
Wholesale	14.05%	25.88%
Services	81.63%	23.84%
Retail	-20.30%	23.23%
Non-Classified	32.16%	10.52%
Manufacturing	24.58%	5.72%
Mining	-22.15%	4.46%
Transportation & Utilities	-55.44%	4.35%
Other Miscellaneous	3.28%	2.00%
Overall % Change:	5.98%	100.00%



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.

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

[Signature]
James D. Couch
City Manager

CITY OF OKLAHOMA CITY

SALES TAX COLLECTIONS

July 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	\$13,873,691	\$2,601,317	\$2,601,317	\$867,106	\$6,936,845	\$0	\$0	\$0	\$26,880,276
Reallocations	\$2,706	\$507	\$507	\$169	(\$57,462)	\$50,053	\$2,108	\$1,411	-
Adjusted Actual	\$13,876,397	\$2,601,824	\$2,601,824	\$867,275	\$6,879,384	\$50,053	\$2,108	\$1,411	\$26,880,276
Target	\$15,857,448	\$2,973,272	\$2,973,272	\$991,523	\$7,928,724	\$0	\$0	\$0	\$30,724,239
+/- Target	(\$1,981,051)	(\$371,448)	(\$371,448)	(\$124,248)	(\$1,049,340)	\$50,053	\$2,108	\$1,411	(\$3,843,963)
%+/- Target	-12.49%	-12.49%	-12.49%	-12.53%	-13.23%	-	-	-	-12.51%
Prior Year Actual	\$15,361,279	\$2,880,240	\$2,880,240	\$960,080	\$0	\$7,677,512	\$741	\$1,061	\$29,761,153
+/- Prior Year	(\$1,484,882)	(\$278,415)	(\$278,415)	(\$92,805)	\$6,879,384	(\$7,627,459)	\$1,366	\$349	(\$2,880,877)
%+/- Prior Year	-9.67%	-9.67%	-9.67%	-9.67%	-	-99.35%	184.31%	32.93%	-9.68%
Year-to-Date:									
Actual	\$13,873,691	\$2,601,317	\$2,601,317	\$867,106	\$6,936,845	\$0	\$0	\$0	\$26,880,276
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%+/- Prior Year	-9.67%	-9.67%	-9.67%	-9.67%	-	-99.35%	184.31%	32.93%	-9.68%

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
July 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	\$2,271,942	\$0	\$790,241	\$0	\$0	\$3,062,182
Reallocations	\$6	(\$86,572)	\$86,511	\$54	\$1	-
Adjusted Actual	\$2,271,948	(\$86,572)	\$876,751	\$54	\$1	\$3,062,182
Target	\$2,157,510	\$0	\$750,438	\$0	\$0	\$2,907,948
+/- Target	\$114,438	(\$86,572)	\$126,313	\$54	\$1	\$154,234
%+/- Target	5.30%	-	16.83%	-	-	5.30%
Prior Year Actual	\$2,143,789	\$755,165	\$0	(\$7,894)	\$19	\$2,891,080
+/- Prior Year	\$128,158	(\$841,737)	\$876,751	\$7,948	(\$18)	\$171,103
%+/- Prior Year	5.98%	-111.46%	-	-100.69%	-92.92%	5.92%
Year-to-Date:						
Actual	\$2,271,942	\$0	\$790,241	\$0	\$0	\$3,062,182
Reallocations	\$6	(\$86,572)	\$86,511	\$54	\$1	-
Adjusted Actual	\$2,271,948	(\$86,572)	\$876,751	\$54	\$1	\$3,062,182
Target	\$2,157,510	\$0	\$750,438	\$0	\$0	\$2,907,948
+/- Target	\$114,438	(\$86,572)	\$126,313	\$54	\$1	\$154,234
%+/- Target	5.30%	-	16.83%	-	-	5.30%
Prior Year Actual	\$2,143,789	\$755,165	\$0	(\$7,894)	\$19	\$2,891,080
+/- Prior Year	\$128,158	(\$841,737)	\$876,751	\$7,948	(\$18)	\$171,103
%+/- Prior Year	5.98%	-111.46%	-	-100.69%	-92.92%	5.92%
		(2)	(2)	(1)	(1)	

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