



City Manager Report

The City of
OKLAHOMA CITY

NO: 940

DATE: NOVEMBER 22, 2016

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: NOVEMBER 2016 SALES AND USE TAX COLLECTIONS

Combined sales and use taxes for the General Fund are \$6,183,739 or 5.8% below projections for the year.

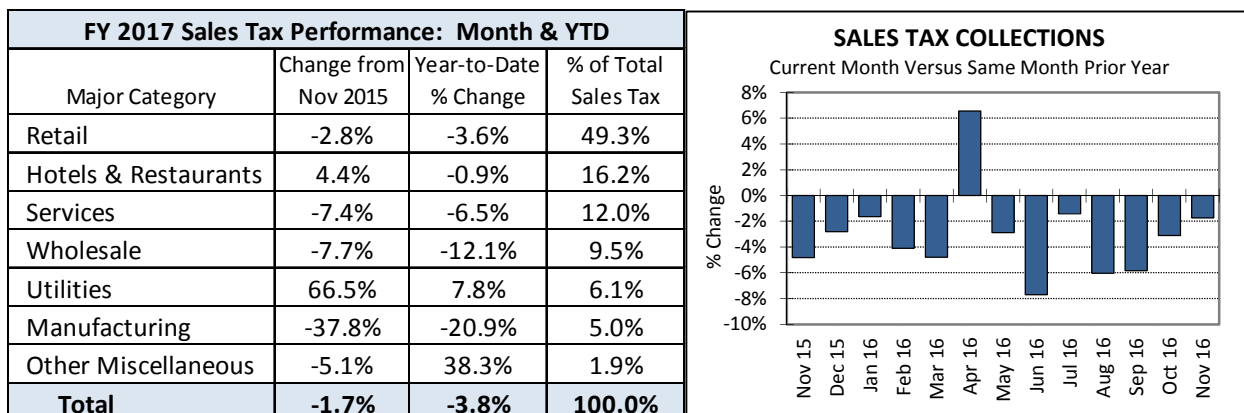
General Fund Sales Tax

General Fund sales tax revenues for November totaled \$17,221,292, which is:

- \$658,249 or 3.7% below projection for the month
- \$307,670 or 1.8% below FY 2016 revenues for the month

The November remittance includes actual collections for the second half of September and estimated collections for the first half of October by major taxpayers.

Sales tax collections continue to fall below projections and below last year's levels. Collections have been down thirteen out of the last fourteen months. While there appears to be some improvement this month, sales continue to remain down for most industries. Only Utilities and Hotels & Restaurants experienced positive growth this month. The large growth in Utilities is the result of a significant underpayment of tax last year by a utility. The utility subsequently corrected the underpayment the following month and we should see the corresponding decline next month.



City Comparison		
City	Change from Nov 2015	Year-to-Date % Change
Oklahoma City	-1.8%	-3.7%
Tulsa	-0.8%	-1.2%
Norman *	-1.5%	-3.4%
Edmond	-1.7%	-2.7%
Moore	2.4%	-1.1%
Midwest City	6.4%	-2.0%
Yukon	-6.4%	-5.4%
<i>* Rates are normalized to account for rate changes</i>		

Comparison to Other Cities

Sales tax collections were still down for most of the Oklahoma City metro as well as for Tulsa. Despite the Oklahoma City metro's declines, most major cities in Oklahoma did well as three-fourths of the top twenty cities reported increases in sales tax revenues from last year.

Retail

- General Merchandise – While sales for the majority of retailers in the category were down, a couple of large retailers experienced strong growth this month.
- Building Materials and Lawn & Garden – Despite the additional revenue from the recent addition of major taxpayer due to a reclassification, sales for most retailers were down.
- Food Stores – Large payments from a few retailers made the category positive for the month.
- Auto Parts & Supplies – One major retailer remitted a large payment last year and is responsible for this year's decline.
- Miscellaneous Retail – Sales were down for most taxpayers. This is the fourth month in a row of year-over-year declines of 7% or more.
- Pharmacies & Health Stores – Sales were down for most businesses this month.

FY 2017 Retail Sub-Category Performance: Month & YTD			
Retail Category	Change from Nov 2015	Year-to-Date % Change	% of Total Retail Sales
General Merchandise	1.7%	-0.8%	23.4%
Building Materials and Lawn & Garden	-10.0%	-10.0%	15.5%
Food Stores	1.5%	-7.6%	13.2%
Apparel & Accessories	-3.6%	-0.6%	10.1%
Electronics & Appliances	-1.6%	-4.5%	8.7%
Auto Parts & Supplies	-7.5%	-5.4%	6.0%
Miscellaneous Retail	-9.3%	-5.4%	5.6%
Pharmacies & Health Stores	-4.9%	4.7%	4.8%
Furniture & Home	-2.1%	-3.0%	4.7%
Sporting Goods & Hobby Stores	2.8%	6.5%	4.0%
Convenience Stores	-5.2%	-4.9%	3.3%
Direct Sales	13.6%	13.4%	0.7%
Total	-2.8%	-3.6%	100.0%

Other Major Categories

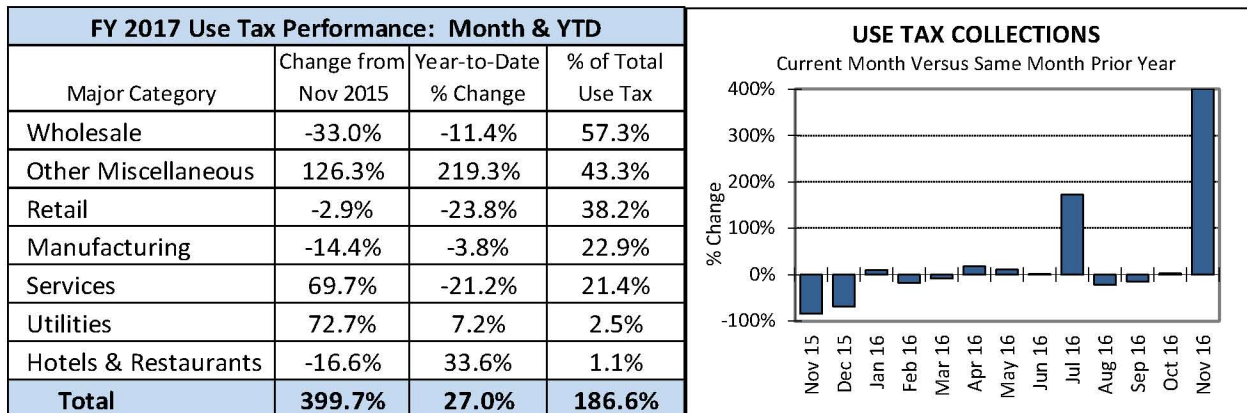
- Hotels & Restaurants was up from last year.
 - Eating & Drinking Establishments rose 5.0%. Most major businesses performed well. Additionally, one taxpayer corrected a sizeable underpayment last month.
 - Hotel sales increased 1.3% despite nearly two-thirds of hotels reporting declines.
- Services decreased 7.4%. A notable reduction in the Real Estate Rental & Leasing and the Information subcategories is responsible for most of the decrease.
- Wholesale declined 7.7%. Most wholesalers did not perform as well as last year.
- Utilities jumped 66.5%. A significant underpayment last year by a major utility caused most of the increase. We should see the corresponding decrease next month.
- Manufacturing fell 37.8%. A few very big payments last year as well a refund this year greatly contributed to this month’s fall. The majority of manufacturers did not do well.
- Other Miscellaneous slipped 5.1% mostly due to declines in Mining and Construction.

General Fund Use Tax


General Fund use tax revenues for November totaled \$2,814,017 which is:

- \$344,339 or 10.9% below projection for the month
- \$2,250,830 or 399.7% above FY 2016 revenues for the month

This month’s use tax collections were up 399.7% due to a large \$3.6 million dollar refund paid out last year to an oil and gas related business who had been paying tax to OKC in error for some time. Netting out the impact of the refund, use tax revenues would have been down 12.0%.



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



James D. Couch
City Manager

CITY OF OKLAHOMA CITY
SALES TAX COLLECTIONS
November 2016

	<u>General Fund</u>	<u>Police Public Safety</u>	<u>Fire Public Safety</u>	<u>Zoo</u>	<u>MAPS 3</u>	<u>Sports Facilities Improvement</u>	<u>MAPS for Kids</u>	<u>Police/Fire Equipment</u>	<u>MAPS</u>	<u>Total Sales Tax</u>
Current Month:										
Actual	\$17,221,286	\$3,228,991	\$3,228,991	\$1,076,330	\$8,610,643	-	-	-	-	\$33,366,241
Reallocations	\$6	\$1	\$1	\$0	(\$474)	(\$368)	\$337	\$45	\$450	-
Adjusted Actual	\$17,221,292	\$3,228,992	\$3,228,992	\$1,076,331	\$8,610,169	(\$368)	\$337	\$45	\$450	\$33,366,241
Projection	\$17,879,541	\$3,352,414	\$3,352,414	\$1,117,471	\$8,926,609	-	-	-	-	\$34,628,449
+/- Projection	(\$658,249)	(\$123,422)	(\$123,422)	(\$41,140)	(\$316,440)	(\$368)	\$337	\$45	\$450	(\$1,262,208)
%+/- Projection	-3.7%	-3.7%	-3.7%	-3.7%	-3.5%	-	-	-	-	-3.6%
Prior Year Actual	\$17,528,962	\$3,286,680	\$3,286,680	\$1,095,560	\$8,751,578	\$3,408	\$9,590	(\$380)	\$604	\$33,962,681
+/- Prior Year	(\$307,670)	(\$57,688)	(\$57,688)	(\$19,229)	(\$141,409)	(\$3,775)	(\$9,253)	\$426	(\$153)	(\$596,440)
%+/- Prior Year	-1.8%	-1.8%	-1.8%	-1.8%	-1.6%	-110.8%	-96.5%	-111.9%	-25.4%	-1.8%
Year-to-Date:										
Actual	\$87,675,792	\$16,439,211	\$16,439,211	\$5,479,737	\$43,837,896	-	-	-	-	\$169,871,847
Reallocations	\$43	\$8	\$8	\$3	(\$24,561)	\$3,389	\$20,052	(\$598)	\$1,656	-
Adjusted Actual	\$87,675,835	\$16,439,219	\$16,439,219	\$5,479,740	\$43,813,335	\$3,389	\$20,052	(\$598)	\$1,656	\$169,871,847
Projection	\$91,464,917	\$17,149,672	\$17,149,672	\$5,716,557	\$45,704,814	-	-	-	-	\$177,185,632
+/- Projection	(\$3,789,082)	(\$710,453)	(\$710,453)	(\$236,817)	(\$1,891,479)	\$3,389	\$20,052	(\$598)	\$1,656	(\$7,313,785)
%+/- Projection	-4.1%	-4.1%	-4.1%	-4.1%	-4.1%	-	-	-	-	-4.1%
Prior Year Actual	\$91,024,212	\$17,067,040	\$17,067,040	\$5,689,013	\$45,484,789	\$6,944	\$15,490	\$122	\$3,784	\$176,358,434
+/- Prior Year	(\$3,348,377)	(\$627,821)	(\$627,821)	(\$209,274)	(\$1,671,454)	(\$3,555)	\$4,563	(\$721)	(\$2,128)	(\$6,486,587)
%+/- Prior Year	-3.7%	-3.7%	-3.7%	-3.7%	-3.7%	-51.2%	29.5%	-589.0%	-56.2%	-3.7%
						(1)	(1)	(1)	(1)	(2) & (3)

NOTES:

- (1) The **Sports Facilities Improvement, Maps for Kids, Police/Fire Equipment** and **MAPS** taxes expired in prior years, therefore, only current year reallocation activity is presented for these funds.
- (2) The percentages listed will differ from those on the Sales and Use Tax City Manager Report slightly due to the inclusion of administrative fee, interest and reallocation on this report.
- (3) The sales and use tax retention fee has changed from 1% of total collections to 0.5% of total collections beginning August 2015.

CITY OF OKLAHOMA CITY
USE TAX COLLECTIONS
November 2016

	<u>General Fund</u>	<u>MAPS 3</u>	<u>Sports Facilities Improvement</u>	<u>City & Schools</u>	<u>Police/Fire Equipment</u>	<u>MAPS</u>	<u>Total Use Tax</u>
Current Month:							
Actual	\$2,814,017	\$978,789	-	-	-	-	\$3,792,806
Reallocations	-	(\$201)	\$1	\$201	-	-	-
Adjusted Actual	\$2,814,017	\$978,587	\$1	\$201	-	-	\$3,792,806
Projection	\$3,158,356	\$1,098,559	-	-	-	-	\$4,256,915
+/- Projection	(\$344,339)	(\$119,972)	\$1	\$201	-	-	(\$464,109)
%+/- Projection	-10.9%	-10.9%	-	-	-	-	-10.9%
Prior Year Actual	\$563,187	\$195,752	(\$299)	\$113	(\$5)	\$329	\$759,077
+/- Prior Year	\$2,250,830	\$782,835	\$300	\$87	\$5	(\$329)	\$3,033,729
%+/- Prior Year	399.7%	399.9%	-100.3%	77.3%	-100.00%	-100.00%	399.7%
Year-to-Date:							
Actual	\$13,397,120	\$4,659,868	-	-	-	-	\$18,056,987
Reallocations	\$4	(\$726)	(\$73)	\$787	-	\$9	-
Adjusted Actual	\$13,397,123	\$4,659,141	(\$73)	\$787	-	\$9	\$18,056,987
Projection	\$15,791,780	\$5,492,795	-	-	-	-	\$21,284,575
+/- Projection	(\$2,394,657)	(\$833,654)	(\$73)	\$787	-	\$9	(\$3,227,588)
%+/- Projection	-15.2%	-15.2%	-	-	-	-	-15.2%
Prior Year Actual	\$10,542,117	\$3,611,329	(\$386)	\$54,931	\$291	\$361	\$14,208,644
+/- Prior Year	\$2,855,007	\$1,047,812	\$312	(\$54,145)	(\$291)	(\$352)	\$3,848,344
%+/- Prior Year	27.1%	29.0%	-81.0%	-98.6%	-100.00%	-97.45%	27.1%
			(1)	(1)	(1)	(1)	(2) & (3)

NOTES:

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