



City Manager Report

The City of
OKLAHOMA CITY

NO: 321

DATE: AUGUST 27, 2013

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: AUGUST 2013 SALES AND USE TAX COLLECTIONS

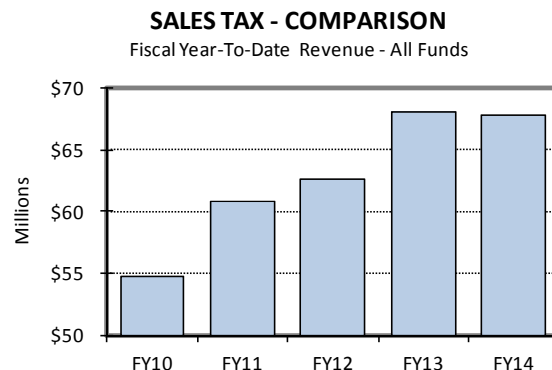
Combined sales and use taxes for the General Fund are \$2,376,646 below target for the year.

General Fund Sales Tax

The August allocation of sales tax to the General Fund totaled \$17,905,668. This is \$162,573 or 0.9% below target and 2.9% above August 2012 collections. The August remittance includes actual collections for the second half of June and estimated collections for the first half of July by major taxpayers.

There were a few large adjustments, both this year and last year that had influence on this month's growth rate. When you factor out those adjustments, the sales tax growth rate would have been up 4.6% over August 2012 and slightly over target for the month. This month, Retail and Services were very good with seven out of the eight Retail subcategories and all three of Services subcategories growing over last year. A large, multi-year refund in Non-Classified that totaled over \$1.1 million negatively influenced this year's sales tax growth. Transportation & Utilities was down largely due to the cooler temperatures causing less demand for electricity. Wholesale grew by only 0.1% this month but that is welcome growth after seven consecutive months of year-over-year declines.

FY 2014 SALES TAX - MAJOR CATEGORY GROWTH RATES			
Category	Aug 13 % Change From Aug 12	Year-to-Date % Change	% of Total Sales Tax
Retail	9.2%	5.3%	63.7%
Services	10.4%	5.5%	11.4%
Transp. & Utilities	-3.7%	-2.6%	10.6%
Wholesale	0.1%	-10.5%	10.3%
Manufacturing	-1.2%	-17.8%	3.9%
Other Misc.	-183.8%	-94.9%	0.1%
Overall % Change:	2.9%	-0.3%	100.0%



August sales are up; however, a large refund in Non-Classified dampened this month's performance. Retail and Services, the largest two categories, both had excellent sales growth.

Fiscal year-to-date sales tax performance for the last five fiscal years.

Most metro cities and Tulsa showed exceptional growth this month. Even with the anomalies previously mentioned netted out, Oklahoma City's sales tax growth is still below most of the other comparison cities. The figures in the table to the right reflect growth in the underlying tax base and not growth based on a rate increase.

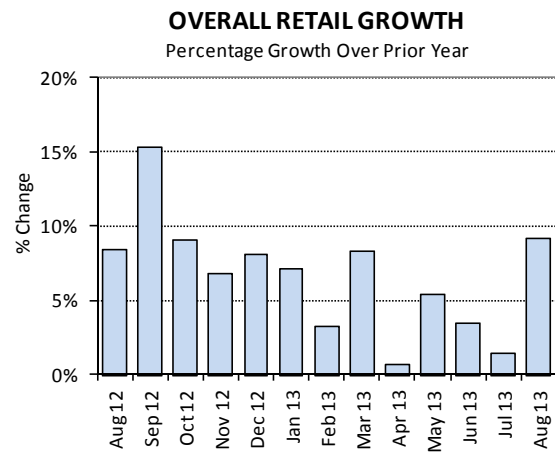
CITY COMPARISON		
City	Aug 13 % Change	Year-to-date
	From Aug 12	% Change
Oklahoma City	2.9%	-0.3%
Tulsa	8.1%	3.1%
Norman	8.8%	6.0%
Edmond	-1.5%	-1.1%
Midwest City	6.9%	3.9%
Moore	16.3%	2.3%
Yukon	12.9%	6.6%

* Rates are normalized to account for tax rate changes

Oklahoma City's growth this month is below that of most neighboring cities and the state.

Retail sales were up 9.2% over last year. Sales in several sectors of Retail were very good this month. Furniture & Home's enormous 50.4% growth was the result of a large, erroneous refund that was misallocated last year by the taxpayer and was subsequently corrected in a later month. Building Materials grew by 21.1% on strong sales of lumber and roofing supplies likely due to the repair of roofs and fences damaged in the May tornados. General Merchandise grew 10.0%, as sales for several major retailers were robust for the month. Auto Parts Supplies increased by 10.0% over last year. About half of the growth in Auto Parts Supplies is due to a low payment last year from a major auto parts retailer. Apparel & Accessory sales were up 5.5% with most retailers showing improved sales over last year. Sales for Eating & Drinking were better than their 2.4% growth reflects. Last year's growth for Eating & Drinking was 18.0% making this year's improvement of 2.4% noteworthy. Miscellaneous Retail's sales were somewhat flat with 1.2% growth over last year. This month marks the first time since April 2010 where Food Stores failed to improve upon the prior year's sales; however, this month's decline is not the result of reduced sales, but rather due to a large multi-year payment received last year from a single taxpayer. If you were to net out that payment, sales for the Food Stores category would have been up 5.8%.

RETAIL - MAJOR CATEGORY GROWTH RATES			
Category	Aug 13 % Change	Year-to-Date	% of Total
	From Aug 12	% Change	Retail
Eating & Drinking	2.4%	4.5%	20.6%
General Merchandise	10.0%	1.2%	19.4%
Miscellaneous Retail	1.2%	-3.2%	14.4%
Building Materials	21.1%	20.9%	13.2%
Food Stores	-4.0%	1.0%	10.8%
Furniture & Home	50.4%	21.1%	10.0%
Apparel & Accessory	5.5%	-0.4%	6.8%
Auto Parts Supplies	10.0%	5.4%	4.8%
Overall % Change:	9.2%	5.3%	100.0%



Most of Retail performed very well this month. Retail is an important part of Oklahoma City's economy, accounting for two-thirds of all sales tax.

Retail growth over the last 13 months has been strong.

Transportation & Utilities decreased 3.7% from last year. Utility sales were down 4.4% likely due to cooler weather causing decreased demand for electricity. Telecom & Transportation decreased 2.4% partly due to comparison against last year's 12.1% growth.

While most in Manufacturing performed well, payments last year and non-payments this year by a couple of irregular remitting taxpayers contributed to most of this year's 1.2% decline.

Wholesale's modest growth of 0.1% is welcome after experiencing seven months of year-over-year declines.

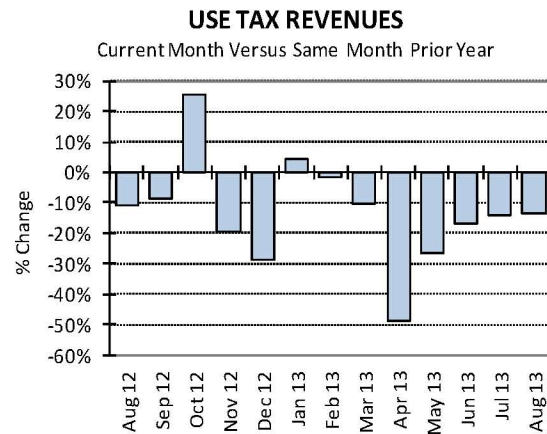
Services increased by 10.4% over last year. Hotels grew 8.2% mostly due to a major hotel remitting two months worth of tax this month. Business Services were up 16.0% on strong equipment rental sales. Other Services were up 7.4% as 3/4 of the top 20 businesses improved over last year.

General Fund Use Tax

The August allocation of use tax to the General Fund totaled \$2,746,241. This is \$464,126 or 14.5% below target and 13.8% below August 2012 collections.

Excellent growth in Retail was offset by a strong payment last year in Mining from a major mining company and from large refunds for two different companies this year in Non-Classified.

FY 2013 USE TAX - MAJOR CATEGORY GROWTH RATES			
Category	Aug 13 % Change	Year-to-Date % of Total	Use Tax
	From Aug 12	% Change	
Retail	26.1%	24.8%	35.1%
Wholesale	-17.4%	-18.7%	24.1%
Manufacturing	0.7%	20.3%	12.4%
Services	-3.5%	-15.2%	10.9%
Mining	-44.7%	-54.3%	10.8%
Transp. & Utilities	33.8%	48.0%	4.7%
Other Misc.	-45.0%	-37.2%	2.4%
Non-Classified	-226.1%	-109.0%	-0.4%
Overall % Change:	-13.8%	-14.0%	100.0%



Hearty activity in Retail was offset by a large payment from a mining company last year and two large refunds this year in Non-Classified.

Use tax revenues have been in decline for most of the year.

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

James D. Couch
City Manager

CITY OF OKLAHOMA CITY
SALES TAX COLLECTIONS
August 2013

	<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	\$17,905,451	\$3,357,272	\$3,357,272	\$1,119,091	\$8,952,725	-	-	-	-	\$34,691,811
Reallocations	\$217	\$41	\$41	\$14	(\$14,956)	\$4,472	\$8,970	\$342	\$860	-
Adjusted Actual	\$17,905,668	\$3,357,313	\$3,357,313	\$1,119,104	\$8,937,769	\$4,472	\$8,970	\$342	\$860	\$34,691,811
Target	\$18,068,241	\$3,387,795	\$3,387,795	\$1,129,265	\$8,989,698	-	-	-	-	\$34,962,794
+/- Target	(\$162,573)	(\$30,482)	(\$30,482)	(\$10,161)	(\$51,929)	\$4,472	\$8,970	\$342	\$860	(\$270,983)
%+/- Target	-0.9%	-0.9%	-0.9%	-0.9%	-0.6%	-	-	-	-	-0.8%
Prior Year Actual	\$17,409,143	\$3,264,214	\$3,264,214	\$1,088,071	\$8,661,430	\$4,401	\$32,219	(\$1,540)	\$7,631	\$33,729,785
+/- Prior Year	\$496,524	\$93,098	\$93,098	\$31,033	\$276,340	\$71	(\$23,249)	\$1,881	(\$6,771)	\$962,026
%+/- Prior Year	2.9%	2.9%	2.9%	2.9%	3.2%	1.6%	-72.2%	-122.2%	-88.7%	2.9%
Year-to-Date:										
Actual	\$35,030,036	\$6,568,132	\$6,568,132	\$2,189,377	\$17,515,018	-	-	-	-	\$67,870,695
Reallocations	\$376	\$71	\$71	\$24	(\$27,798)	\$7,129	\$17,946	\$368	\$1,815	-
Adjusted Actual	\$35,030,412	\$6,568,202	\$6,568,202	\$2,189,401	\$17,487,220	\$7,129	\$17,946	\$368	\$1,815	\$67,870,695
Target	\$36,461,250	\$6,836,484	\$6,836,484	\$2,278,828	\$18,170,465	-	-	-	-	\$70,583,511
+/- Target	(\$1,430,838)	(\$268,282)	(\$268,282)	(\$89,427)	(\$683,245)	\$7,129	\$17,946	\$368	\$1,815	(\$2,712,816)
%+/- Target	-3.9%	-3.9%	-3.9%	-3.9%	-3.8%	-	-	-	-	-3.8%
Prior Year Actual	\$35,131,207	\$6,587,101	\$6,587,101	\$2,195,700	\$17,506,951	\$10,092	\$40,156	(\$427)	\$7,866	\$68,065,749
+/- Prior Year	(\$100,795)	(\$18,899)	(\$18,899)	(\$6,300)	(\$19,731)	(\$2,964)	(\$22,211)	\$794	(\$6,050)	(\$195,055)
%+/- Prior Year	-0.3%	-0.3%	-0.3%	-0.3%	-0.1%	-29.4%	-55.3%	-186.2%	-76.9%	-0.3%
						(1)	(1)	(1)	(1)	

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.

CITY OF OKLAHOMA CITY
USE TAX COLLECTIONS
August 2013

	<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	\$2,746,201	\$955,200	-	-	-	-	\$3,701,401
Reallocations	\$41	(\$2,921)	\$1,208	\$1,668	\$0	\$4	-
Adjusted Actual	\$2,746,241	\$952,280	\$1,208	\$1,668	\$0	\$4	\$3,701,401
Target	\$3,210,367	\$1,118,807	-	-	-	-	\$4,329,174
+/- Target	(\$464,126)	(\$166,527)	\$1,208	\$1,668	\$0	\$4	(\$627,773)
%+/- Target	-14.5%	-14.9%	-	-	-	-	-14.5%
Prior Year Actual	\$3,184,054	\$1,108,334	(\$1,152)	\$274	\$18	\$14	\$4,291,542
+/- Prior Year	(\$437,812)	(\$156,055)	\$2,360	\$1,394	(\$18)	(\$11)	(\$590,141)
%+/- Prior Year	-13.8%	-14.1%	-204.9%	509.7%	-99.38%	-72.82%	-13.8%
Year-to-Date:							
Actual	\$5,467,469	\$1,901,728	-	-	-	-	\$7,369,197
Reallocations	\$41	(\$216)	(\$131)	\$300	\$0	\$6	-
Adjusted Actual	\$5,467,509	\$1,901,512	(\$131)	\$300	\$0	\$6	\$7,369,197
Target	\$6,413,317	\$2,240,837	-	-	-	-	\$8,654,154
+/- Target	(\$945,808)	(\$339,325)	(\$131)	\$300	\$0	\$6	(\$1,284,957)
%+/- Target	-14.7%	-15.1%	-	-	-	-	-14.8%
Prior Year Actual	\$6,360,750	\$2,219,861	(\$7,262)	(\$230)	\$42	\$14	\$8,573,176
+/- Prior Year	(\$893,241)	(\$318,350)	\$7,132	\$530	(\$42)	(\$9)	(\$1,203,980)
%+/- Prior Year	-14.0%	-14.3%	-98.2%	-230.8%	-99.5%	-60.9%	-14.0%
			(1)	(1)	(1)	(1)	

NOTES:

(1) The **Sports Facilities Improvement, City & Schools, Police/Fire Equipment** and **MAPS** taxes expired in prior years, therefore, only current year reallocation activity is presented for these funds.