



City Manager Report

The City of
OKLAHOMA CITY

NO: 804

DATE: MARCH 22, 2016

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: MARCH 2016 SALES AND USE TAX COLLECTIONS

Combined sales and use taxes for the General Fund are \$14,281,741 or 7.2% below projections for the year.

General Fund Sales Tax

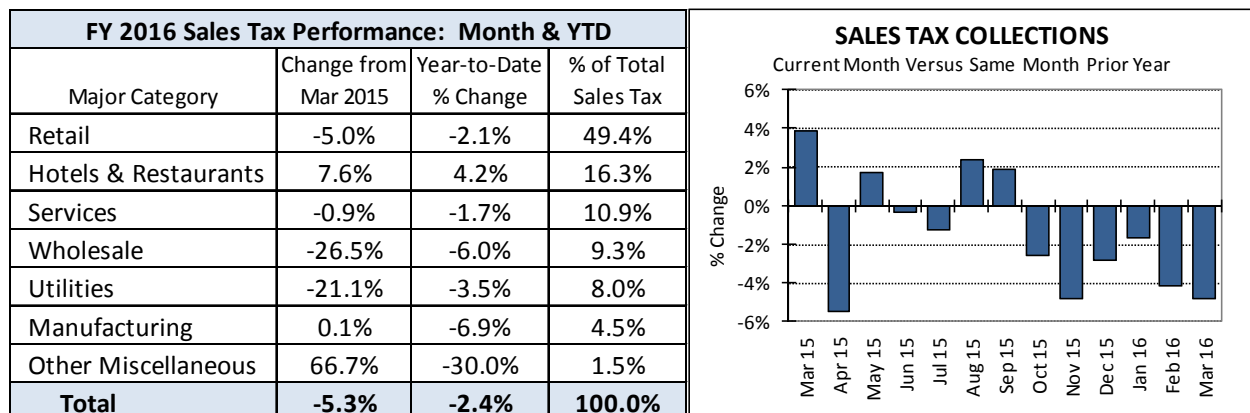
Note: With the enactment of House Bill 1875 on July 1, 2015, the retention fee paid to the Oklahoma Tax Commission for collection of sales and use taxes decreased from 1% to 0.5%. Overall comparisons of sales tax will include the additional 0.5%, while comparisons of specific categories will not be affected.

General Fund sales tax collections for March totaled \$16,123,433, which is:

- \$1,149,836 or 6.7% below projection for the month
- \$811,144 or 4.8% below FY 2015 collections for the month

The March remittance includes actual collections for the second half of January and estimated collections for the first half of February by major taxpayers.

Poor Retail, Wholesale and Utilities sales hurt sales tax collections this month. Retail sales have been down for six consecutive months while Wholesale sales have been down for five consecutive months. Reduced oil and gas activity has been a factor, but reduced consumer spending also appears to have played a role in this decline.



City Comparison		
City	Change from Mar 2015	Year-to-Date % Change
Oklahoma City	-4.8%	-2.0%
Tulsa	-5.9%	0.1%
Norman *	2.7%	2.3%
Edmond	-1.1%	0.9%
Moore	0.4%	6.4%
Midwest City	-3.1%	0.0%
Yukon	-2.9%	10.3%
* Rates are normalized to account for rate changes		

Comparison to Other Cities

Oklahoma City's sales tax collections continue to be hindered by low oil and gas prices. With numerous oil and gas related businesses located in Oklahoma City, the significant reduction in activity has adversely impacted our sales tax revenues.

Retail

- General Merchandise – Only four of the top fifteen businesses (which make up 95% of sales for the category) experienced growth this month.
- Building Materials and Lawn & Garden – A couple of large payments this month contributed to the 6.8% gain.
- Apparel & Accessories – Overall sales were down for the majority of retailers.
- Electronics & Appliances – Sales were down for most. Only eight of the top twenty-five retailers were able to improve upon last year's sales.
- Miscellaneous Retail – Collections continue to be affected by significantly reduced sales from several oil and gas related retailers.
- Sporting Goods & Hobby Stores – The addition of a new major sporting goods retailer this year has positively affected growth.

FY 2016 Retail Sub-Category Performance: Month & YTD			
Retail Category	Change from Mar 2015	Year-to-Date % Change	% of Total Retail Sales
General Merchandise	-4.8%	-0.8%	24.7%
Food Stores	-2.5%	2.4%	14.3%
Building Materials and Lawn & Garden	6.8%	3.9%	13.2%
Apparel & Accessories	-7.4%	-3.9%	9.2%
Electronics & Appliances	-19.3%	-9.9%	9.1%
Miscellaneous Retail	-22.6%	-21.7%	6.1%
Auto Parts & Supplies	-6.8%	1.4%	5.5%
Pharmacies & Health Stores	1.0%	6.4%	4.8%
Sporting Goods & Hobby Stores	17.5%	2.8%	4.7%
Furniture & Home	-10.6%	-6.2%	4.6%
Convenience Stores	-4.2%	-1.9%	3.1%
Direct Sales	3.2%	-6.9%	0.7%
Total	-5.0%	-2.1%	100.0%

Other Major Categories

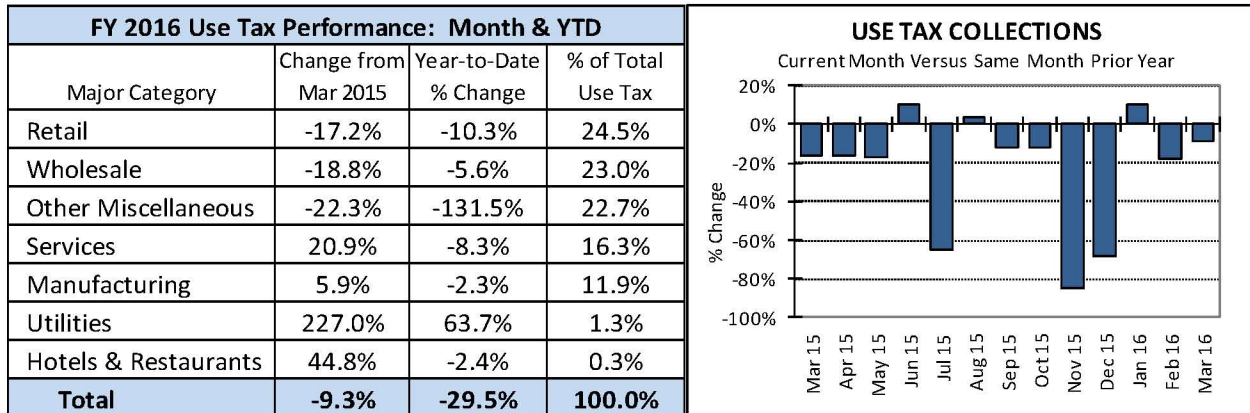
- Hotels & Restaurants grew 7.6% from last year.
 - Eating & Drinking Establishments gained 7.2% with most businesses performing well.
 - Hotel sales were up 10.3% due in part to the reclassification of a hotel formerly in Non-Classified as well as the addition of a new larger hotel this year.
- Services slipped 0.9%. The largest business in the category had a notable decline in sales.
- Wholesale’s sales were down across the board leading to this month’s 26.5% drop.
- Utilities’ fell 21.1% as sales of both electricity and natural gas were down sharply.
- Manufacturing growth was virtually flat at 0.1%. Sales were down for most manufacturers, but big payments from two businesses helped to keep sales growth positive.
- Other Miscellaneous jumped 66.7%. Most of the increase comes from new remitters in Non-Classified as well as a large payment this year and a refund last year by a Mining company.

General Fund Use Tax

General Fund use tax collections for March totaled \$2,407,168 which is:

- \$527,968 or 18.0% below projection for the month
- \$234,046 or 8.9% below FY 2015 collections for the month

The three largest categories in use tax, which account for approximately 70% of collections, experienced declines this month. Reduced oil and gas activity played a role in the decline.



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

James D. Couch
City Manager