



City Manager Report

The City of
OKLAHOMA CITY

NO: 854

DATE: MAY 31, 2016

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: MAY 2016 SALES AND USE TAX COLLECTIONS

Combined sales and use taxes for the General Fund are \$15,254,771 or 6.3% 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.

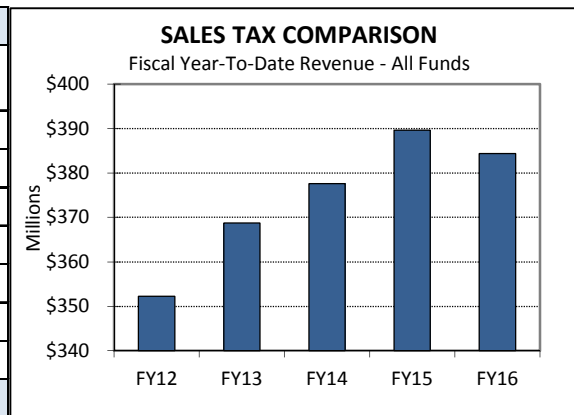
General Fund sales tax collections for May totaled \$17,930,254, which is:

- \$1,271,903 or 6.6% below projection for the month
- \$533,358 or 2.9% below FY 2015 collections for the month

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

Overall sales tax revenues are down 3.4% this month. 89% of the decline is due to utilities sales that are notably down from what they were last year. Natural gas prices have declined significantly since last year which affects both natural gas sales and electricity sales. Until natural gas prices return to prior levels, this trend is likely to continue.

FY 2016 Sales Tax Performance: Month & YTD			
Major Category	Change from May 2015	Year-to-Date % Change	% of Total Sales Tax
Retail	-0.9%	-1.1%	51.0%
Hotels & Restaurants	5.9%	5.2%	17.1%
Services	-2.9%	-1.1%	10.4%
Wholesale	-6.8%	-5.5%	10.1%
Utilities	-42.3%	-8.2%	5.7%
Manufacturing	-0.7%	-6.2%	4.1%
Other Miscellaneous	10.7%	-23.8%	1.7%
Total	-3.4%	-1.8%	100.0%



City Comparison		
City	Change from May 2015	Year-to-Date % Change
Oklahoma City	-2.9%	-1.4%
Tulsa	-0.6%	1.0%
Norman *	-2.7%	2.3%
Edmond	1.4%	1.5%
Moore	2.0%	6.5%
Midwest City	0.4%	0.6%
Yukon	3.8%	9.6%

** Rates are normalized to account for rate changes*

Comparison to Other Cities

Oklahoma City's sales tax growth was the lowest of the comparison cities, with slumping oil and gas industry sales still a likely factor. Most major cities reported moderate sales tax growth. The combined growth rate of the top twenty cities in Oklahoma was 0.1%. Netting out both Oklahoma City and Tulsa, the growth rate equaled 2.9%.

Retail

- General Merchandise – Sales slipped as the majority of major retailer's reported declines.
- Building Materials and Lawn & Garden – Sales were good, but much of the increase was due to the addition of a business that was previously listed under Wholesale.
- Apparel & Accessories – Last month's sales were strong across the board in this category. This month's decline appears to be a natural offset.
- Electronics & Appliances – While the majority of retailers showed improvement this month, several of the larger businesses did not.
- Miscellaneous Retail – Most of the decline was due to greatly reduced sales this year from a mining related business and a large payment last year from another business.
- Sporting Goods & Hobby Stores – While sales were down slightly for the majority, 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 May 2015	Year-to-Date % Change	% of Total Retail Sales
General Merchandise	-0.3%	0.2%	22.7%
Building Materials and Lawn & Garden	8.2%	5.9%	16.1%
Food Stores	-1.4%	1.2%	12.4%
Apparel & Accessories	-10.5%	-3.5%	11.4%
Electronics & Appliances	-8.8%	-9.3%	8.0%
Auto Parts & Supplies	-3.7%	1.2%	6.1%
Miscellaneous Retail	-9.5%	-19.3%	5.7%
Pharmacies & Health Stores	2.5%	7.0%	4.9%
Furniture & Home	-3.5%	-4.2%	4.5%
Sporting Goods & Hobby Stores	13.4%	4.6%	4.4%
Convenience Stores	3.2%	-0.5%	3.1%
Direct Sales	27.3%	-1.3%	0.8%
Total	-0.9%	-1.1%	100.0%

Other Major Categories

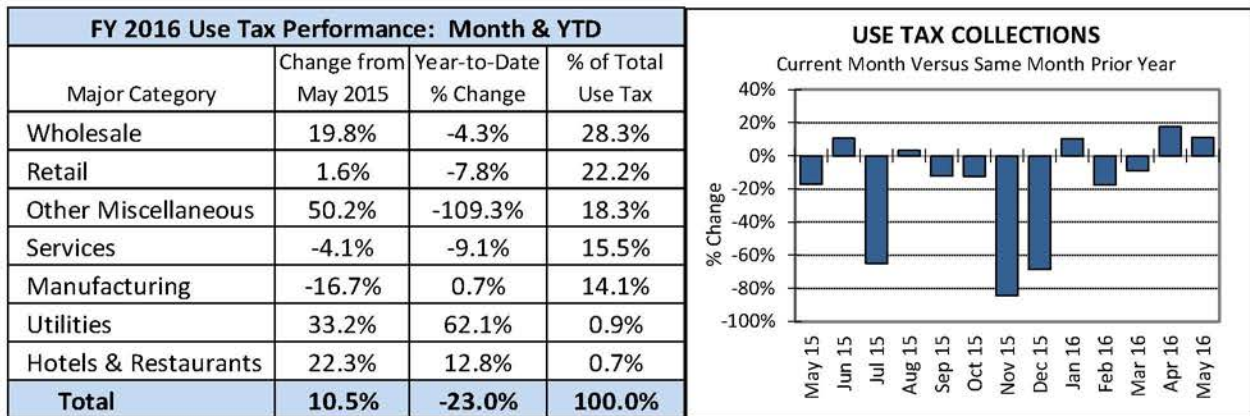
- Hotels & Restaurants rose 5.9% from last year.
 - Eating & Drinking Establishments gained 5.8% with most businesses performing well.
 - Hotel sales were up 6.6% due in part to the reclassification of a few hotels formerly listed as Non-Classified.
- Services are down 2.9% with 15 of the top 25 businesses reporting declines in sales.
- Wholesale declined 6.8% due to lower sales and the reclassification of a business to Retail.
- Utilities dropped 42.3% as the price of gas and electricity has fallen in recent months.
- Manufacturing slipped 0.7%. Sales were up for most manufacturers, but the majority of the larger manufacturers reported decreased sales.
- Other Miscellaneous increased 10.7%. Most of the increase comes from new remitters in Non-Classified.

General Fund Use Tax

General Fund use tax collections for May totaled \$3,127,726 which is:

- \$398,230 or 11.3% below projection for the month
- \$311,765 or 11.1% above FY 2015 collections for the month

Overall use taxes grew 10.5% this month. A big refund last year in Other Miscellaneous and a big payment this year in Wholesale contributed to all of this month's growth.



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

James D. Couch

James D. Couch
City Manager

CITY OF OKLAHOMA CITY
SALES TAX COLLECTIONS
May 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	\$17,929,698	\$3,361,818	\$3,361,818	\$1,120,606	\$8,964,849	-	-	-	-	\$34,738,789
Reallocations	\$557	\$104	\$104	\$35	(\$7,275)	\$1,656	\$3,905	\$469	\$444	-
Adjusted Actual	\$17,930,254	\$3,361,923	\$3,361,923	\$1,120,641	\$8,957,574	\$1,656	\$3,905	\$469	\$444	\$34,738,789
Projection	\$19,202,157	\$3,600,404	\$3,600,404	\$1,200,135	\$9,594,670	-	-	-	-	\$37,197,771
+/- Projection	(\$1,271,903)	(\$238,482)	(\$238,482)	(\$79,494)	(\$637,096)	\$1,656	\$3,905	\$469	\$444	(\$2,458,982)
%+/- Projection	-6.6%	-6.6%	-6.6%	-6.6%	-6.6%	-	-	-	-	-6.6%
Prior Year Actual	\$18,463,612	\$3,461,927	\$3,461,927	\$1,153,976	\$9,225,645	\$1,748	\$2,962	\$191	\$851	\$35,772,839
+/- Prior Year	(\$533,358)	(\$100,005)	(\$100,005)	(\$33,335)	(\$268,071)	(\$92)	\$943	\$278	(\$406)	(\$1,034,050)
%+/- Prior Year	-2.9%	-2.9%	-2.9%	-2.9%	-2.9%	-5.3%	31.8%	145.7%	-47.7%	-2.9%
Year-to-Date:										
Actual	\$198,375,993	\$37,195,499	\$37,195,499	\$12,398,500	\$99,187,997	-	-	-	-	\$384,353,487
Reallocations	\$4,764	\$893	\$893	\$298	(\$97,798)	\$41,768	\$35,451	\$6,016	\$7,715	-
Adjusted Actual	\$198,380,757	\$37,196,392	\$37,196,392	\$12,398,797	\$99,090,198	\$41,768	\$35,451	\$6,016	\$7,715	\$384,353,487
Projection	\$205,541,350	\$38,539,003	\$38,539,003	\$12,846,334	\$102,671,774	-	-	-	-	\$398,137,465
+/- Projection	(\$7,160,593)	(\$1,342,611)	(\$1,342,611)	(\$447,537)	(\$3,581,576)	\$41,768	\$35,451	\$6,016	\$7,715	(\$13,783,978)
%+/- Projection	-3.5%	-3.5%	-3.5%	-3.5%	-3.5%	-	-	-	-	-3.5%
Prior Year Actual	\$201,106,068	\$37,707,388	\$37,707,388	\$12,569,129	\$100,456,424	\$36,635	\$37,318	\$3,574	\$12,003	\$389,635,927
+/- Prior Year	(\$2,725,311)	(\$510,996)	(\$510,996)	(\$170,332)	(\$1,366,225)	\$5,133	(\$1,867)	\$2,442	(\$4,288)	(\$5,282,440)
%+/- Prior Year	-1.4%	-1.4%	-1.4%	-1.4%	-1.4%	14.0%	-5.0%	68.3%	-35.7%	-1.4%
						(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
May 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	\$3,127,726	\$1,087,905	-	-	-	-	\$4,215,630
Reallocations	-	(\$5)	\$5	-	-	-	-
Adjusted Actual	\$3,127,726	\$1,087,899	\$5	-	-	-	\$4,215,630
Projection	\$3,525,956	\$1,226,419	-	-	-	-	\$4,752,375
+/- Projection	(\$398,230)	(\$138,520)	\$5	-	-	-	(\$536,745)
%+/- Projection	-11.3%	-11.3%	-	-	-	-	-11.3%
Prior Year Actual	\$2,815,960	\$944,216	\$29,428	\$5,821	-	-	\$3,795,425
+/- Prior Year	\$311,765	\$143,684	(\$29,423)	(\$5,821)	-	-	\$420,205
%+/- Prior Year	11.1%	15.2%	-100.0%	-100.0%	-	-	11.1%
Year-to-Date:							
Actual	\$27,065,772	\$9,414,182	-	-	-	-	\$36,479,954
Reallocations	\$286	(\$68,647)	\$10,905	\$56,748	\$348	\$361	-
Adjusted Actual	\$27,066,058	\$9,345,535	\$10,905	\$56,748	\$348	\$361	\$36,479,954
Projection	\$35,160,236	\$12,229,647	-	-	-	-	\$47,389,883
+/- Projection	(\$8,094,178)	(\$2,884,112)	\$10,905	\$56,748	\$348	\$361	(\$10,909,929)
%+/- Projection	-23.0%	-23.6%	-	-	-	-	-23.0%
Prior Year Actual	\$34,961,838	\$12,121,997	\$30,005	\$8,666	(\$46)	\$18	\$47,122,478
+/- Prior Year	(\$7,895,780)	(\$2,776,462)	(\$19,100)	\$48,082	\$394	\$343	(\$10,642,524)
%+/- Prior Year	-22.6%	-22.9%	-63.7%	554.8%	-857.33%	1915.02%	-22.6%
			(1)	(1)	(1)	(1)	(2) & (3)

NOTES:

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