



City Manager Report

The City of OKLAHOMA CITY

NO: 678

DATE: AUGUST 4, 2015

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: JULY 2015 SALES AND USE TAX COLLECTIONS

Combined sales and use taxes for the General Fund are \$2,736,894 or 12.7% below target for the year.

General Fund Sales Tax

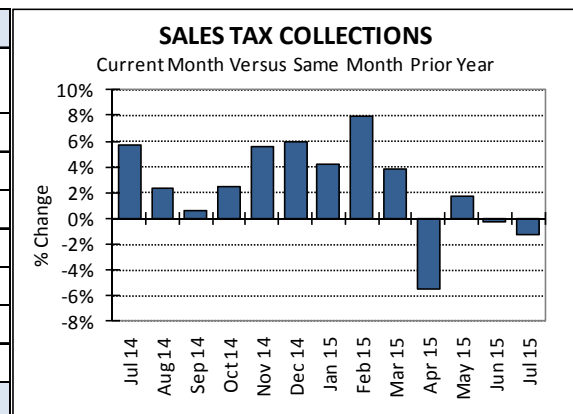
General Fund sales tax collections for July totaled \$17,869,343, which is:

- \$753,774 or 4.0% below target for the month
- \$228,925 or 1.3% below FY 2015 collections for the month

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

Sales tax revenues for the first month of fiscal year 2016 started both under target and below last year for the same period. Much of the decline stems from weaker retail sales as well as lower utility sales when compared to last year. Retail sales last year were quite strong for the month making it a difficult challenge for this month's sales to overcome. Utilities sales were negatively impacted by notably cooler temperatures this year resulting in less demand for electricity as well as lower natural gas prices reducing natural gas revenues. Services, Wholesale, and Manufacturing remained flat.

FY 2016 Sales Tax Performance: Month & YTD			
Major Category	Change from Jul 2015	Year-to-Date % Change	% of Total Sales Tax
Retail	-1.6%	-1.6%	51.1%
Hotels & Restaurants	4.5%	4.5%	16.7%
Services	-0.2%	-0.2%	11.1%
Wholesale	-0.7%	-0.7%	9.7%
Utilities	-11.2%	-11.2%	5.5%
Manufacturing	0.5%	0.5%	4.1%
Other Miscellaneous	-23.8%	-23.8%	1.7%
Total	-1.3%	-1.3%	100.0%



City Comparison		
City	Change from Jul 2015	Year-to-Date % Change
Oklahoma City	-1.3%	-1.3%
Tulsa	-0.4%	-0.4%
Norman	-2.7%	-2.7%
Edmond	-2.8%	-2.8%
Moore	8.5%	8.5%
Midwest City	-4.4%	-4.4%
Yukon	12.7%	12.7%
<i>Rates are normalized to account for tax rate changes</i>		

Comparison to Other Cities

Sales tax collections for most of the top twenty cities in Oklahoma were down this month. Yukon and Moore had the second and third highest growth rates out of the top twenty cities. Oklahoma City's sales performance was average when compared to the rest of the metro and Tulsa.

Retail

- Miscellaneous Retail – Notably reduced sales over the last few months from a major oilfield supply retailer as well as a refund by another retailer this month caused most of the drop.
- Building Materials – Rainy weather likely played a significant role in the decline.
- Food Stores – Sales were above average this month for most in the category.
- General Merchandise – Sales were down for most general merchandisers this month. One business had a low payment last year that contributed to much of this month's growth.
- Electronics & Appliances – Large payments last year from two retailers caused this month's drop in sales.
- Pharmacies & Health Stores – Three new major businesses have been added to this category since last year. Together they have been responsible for the recent spike in growth.

FY 2016 Retail Sub-Category Performance: Month & YTD			
Retail Category	Change from Jul 2015	Year-to-Date % Change	% of Total Retail Sales
General Merchandise	4.6%	4.6%	22.4%
Building Materials and Lawn & Garden	-7.5%	-7.5%	15.8%
Food Stores	8.2%	8.2%	13.6%
Apparel & Accessories	-4.3%	-4.3%	10.4%
Electronics & Appliances	-9.3%	-9.3%	8.5%
Miscellaneous Retail	-30.2%	-30.2%	6.2%
Auto Parts & Supplies	7.7%	7.7%	5.5%
Furniture & Home	-5.2%	-5.2%	5.1%
Pharmacies & Health Stores	15.9%	15.9%	4.5%
Sporting Goods & Hobby Stores	7.6%	7.6%	4.2%
Convenience Stores	-0.5%	-0.5%	3.3%
Direct Sales	-8.6%	-8.6%	0.6%
Total	-1.6%	-1.6%	100.0%

Other Major Categories

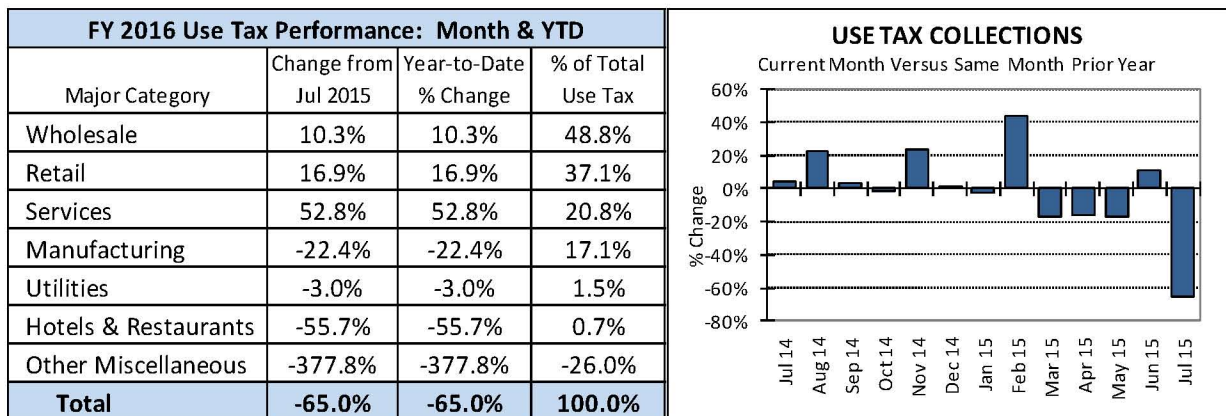
- Hotels & Restaurants increased 4.5% from last year.
 - Hotels rose 5.6% this month.
 - Eating & Drinking Establishments improved by 4.3%.
- Wholesale decreased 0.7% with the majority of taxpayers reporting declines in sales.
- Utilities dropped 11.2%. Lower temperatures this year coupled with lower natural gas prices contributed to the drop.
- Manufacturing edged up 0.5% despite most reporting declines. A large payment this year by one business coupled with a refund last year by another caused the growth.
- Other Miscellaneous fell 23.8%. Only one of the seven subcategories reported an increase in sales from last year.

General Fund Use Tax

General Fund use tax collections for July totaled \$997,598 which is:

- \$1,983,120 or 66.5% below target for the month
- \$1,852,611 or 65.0% below FY 2015 collections for the month

The majority of the decline in use tax this month was the result of a \$2.7 million refund issued to a taxpayer who had been remitting taxes to Oklahoma City in error for several years. A portion of the requested refund which had been previously denied by the Oklahoma Tax Commission has been protested and is still under review. Excluding the refund, use tax collections would have increased 5.7% over last year.



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
July 2015

	<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	\$17,869,169	\$3,350,469	\$3,350,469	\$1,116,823	\$8,934,584	-	-	-	-	\$34,621,515
Reallocations	\$174	\$33	\$33	\$11	(\$2,357)	\$693	\$793	\$61	\$560	-
Adjusted Actual	\$17,869,343	\$3,350,502	\$3,350,502	\$1,116,834	\$8,932,227	\$693	\$793	\$61	\$560	\$34,621,515
Target	\$18,623,117	\$3,491,835	\$3,491,835	\$1,163,945	\$9,304,646	-	-	-	-	\$36,075,377
+/- Target	(\$753,774)	(\$141,333)	(\$141,333)	(\$47,111)	(\$372,418)	\$693	\$793	\$61	\$560	(\$1,453,862)
%+/- Target	-4.0%	-4.0%	-4.0%	-4.0%	-4.0%	-	-	-	-	-4.0%
Prior Year Actual	\$18,098,268	\$3,393,425	\$3,393,425	\$1,131,142	\$9,042,415	\$1,025	\$2,871	\$1,161	\$1,408	\$35,065,141
+/- Prior Year	(\$228,925)	(\$42,923)	(\$42,923)	(\$14,308)	(\$110,188)	(\$332)	(\$2,078)	(\$1,100)	(\$848)	(\$443,626)
%+/- Prior Year	-1.3%	-1.3%	-1.3%	-1.3%	-1.2%	-32.4%	-72.4%	-94.7%	-60.3%	-1.3%
						(1)	(1)	(1)	(1)	(2)
Year-to-Date:										
Actual	\$17,869,169	\$3,350,469	\$3,350,469	\$1,116,823	\$8,934,584	-	-	-	-	\$34,621,515
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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.

CITY OF OKLAHOMA CITY
USE TAX COLLECTIONS
July 2015

	<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	\$997,380	\$346,915	-	-	-	-	\$1,344,294
Reallocations	\$218	(\$571)	\$0	\$34	\$295	\$24	-
Adjusted Actual	\$997,598	\$346,343	\$0	\$34	\$295	\$24	\$1,344,294
Target	\$2,980,718	\$1,036,771	-	-	-	-	\$4,017,489
+/- Target	(\$1,983,120)	(\$690,428)	\$0	\$34	\$295	\$24	(\$2,673,195)
%+/- Target	-66.5%	-66.6%	-	-	-	-	-66.5%
Prior Year Actual	\$2,850,209	\$991,365	\$13	\$0	(\$1)	-	\$3,841,586
+/- Prior Year	(\$1,852,611)	(\$645,022)	(\$13)	\$33	\$295	\$24	(\$2,497,292)
%+/- Prior Year	-65.0%	-65.1%	-98.4%	37133.3%	-52732.14%	-	-65.0%
Year-to-Date:							
Actual	\$997,380	\$346,915	-	-	-	-	\$1,344,294
Reallocations	\$218	(\$571)	\$0	\$34	\$295	\$24	-
Adjusted Actual	\$997,598	\$346,343	\$0	\$34	\$295	\$24	\$1,344,294
Target	\$2,980,718	\$1,036,771	-	-	-	-	\$4,017,489
+/- Target	(\$1,983,120)	(\$690,428)	\$0	\$34	\$295	\$24	(\$2,673,195)
%+/- Target	-66.5%	-66.6%	-	-	-	-	-66.5%
Prior Year Actual	\$2,850,209	\$991,365	\$13	\$0	(\$1)	-	\$3,841,586
+/- Prior Year	(\$1,852,611)	(\$645,022)	(\$13)	\$33	\$295	\$24	(\$2,497,292)
%+/- Prior Year	-65.0%	-65.1%	-98.4%	37133.3%	-52732.14%	-	-65.0%
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NOTES:

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