



# City Manager Report

The City of  
**OKLAHOMA CITY**

**NO:** 731

**DATE:** NOVEMBER 24, 2015

**TO:** THE MAYOR AND MEMBERS OF THE CITY COUNCIL

**SUBJECT:** NOVEMBER 2015 SALES AND USE TAX COLLECTIONS

Combined sales and use taxes for the General Fund are \$8,194,638 or 7.5% 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.*

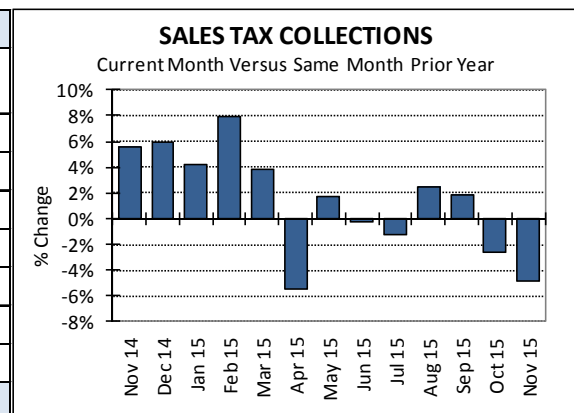
General Fund sales tax collections for November totaled \$17,528,962, which is:

- \$997,577 or 5.4% below projection for the month
- \$887,081 or 4.8% below FY 2015 collections 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.

Most of this month's decline in sales tax is due to an underpayment by a major utility. Retail sales are down as nine out of the twelve Retail subcategories experienced declines in sales. Most Wholesale taxpayers failed to improve upon last year's sales. On the positive side, a couple of manufacturers made very large remittances this month helping to boost that category's growth.

FY 2016 Sales Tax Performance: Month & YTD			
Major Category	Change from Nov 2014	Year-to-Date % Change	% of Total Sales Tax
Retail	-4.9%	-0.8%	49.5%
Hotels & Restaurants	2.9%	4.7%	15.1%
Services	3.2%	-0.5%	11.8%
Wholesale	-15.8%	-3.0%	10.5%
Utilities	-40.9%	-6.5%	6.0%
Manufacturing	29.1%	6.1%	5.3%
Other Miscellaneous	-9.3%	-41.2%	1.9%
<b>Total</b>	<b>-5.3%</b>	<b>-1.3%</b>	<b>100.0%</b>



City Comparison		
City	Change from Nov 2014	Year-to-Date % Change
Oklahoma City	-4.8%	-0.9%
Tulsa	-0.1%	0.7%
Norman	0.7%	3.2%
Edmond	0.0%	1.5%
Moore	5.0%	7.6%
Midwest City	-3.6%	0.2%
Yukon	10.9%	15.0%
<i>Rates are normalized to account for rate changes</i>		

### Comparison to Other Cities

Sales tax collections for Oklahoma City were below those of surrounding cities and Tulsa. The growth rate for the top twenty cities in Oklahoma was down 2.8% from last year. The reduction in oil & gas activity has affected Oklahoma City as a number of supporting industries are located in the area.

### Retail

- General Merchandise –Sales continue to remain nearly flat.
- Building Materials –Many of the major retailers enjoyed above average growth this month.
- Apparel & Accessories – Sales were down for the majority of retailers.
- Electronics & Appliances – Nearly three-quarters of the top retailers in this segment experienced declines in sales.
- Miscellaneous Retail – A single oil and gas related business caused much of this month’s decline.
- Sporting Goods & Hobby Stores – Sales were down for most sporting goods retailers likely due to the grand opening of a new sporting goods store. Sales for the new retailer were included in the Other Miscellaneous tax category under Non-Classified but should be corrected in the next month.

FY 2016 Retail Sub-Category Performance: Month & YTD			
Retail Category	Change from Nov 2014	Year-to-Date % Change	% of Total Retail Sales
General Merchandise	-0.9%	0.0%	22.4%
Building Materials and Lawn & Garden	6.5%	5.0%	15.2%
Food Stores	0.2%	3.8%	12.6%
Apparel & Accessories	-10.8%	-2.9%	10.5%
Electronics & Appliances	-15.7%	-6.5%	9.2%
Miscellaneous Retail	-27.0%	-19.2%	6.7%
Auto Parts & Supplies	-1.4%	8.2%	6.0%
Furniture & Home	-9.0%	-7.4%	4.8%
Pharmacies & Health Stores	8.0%	7.7%	4.5%
Sporting Goods & Hobby Stores	-13.0%	-2.6%	4.1%
Convenience Stores	-1.3%	-1.1%	3.3%
Direct Sales	-23.3%	-10.7%	0.8%
<b>Total</b>	<b>-4.9%</b>	<b>-0.8%</b>	<b>100.0%</b>

Other Major Categories

- Hotels & Restaurants grew 2.9% from last year.
  - Hotels rose 7.5% with the majority of hotels reporting growth.
  - Eating & Drinking Establishment’s increased 2.0%.
- Services grew 3.2%. Growth was helped in part by a large refund last year.
- Wholesale fell 15.8% as most major wholesalers reported declines from last year.
- Utilities plummeted by 40.9% due to a significant underpayment by a major utility, which should be corrected next month.
- Manufacturing jumped 29.1%. Large payments from a few manufacturers helped notably.
- Other Miscellaneous decreased 9.3%. Greatly reduced oil & gas activity continues to burden this category.

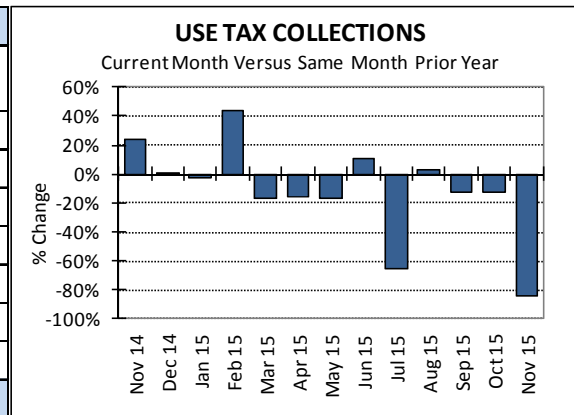
General Fund Use Tax

General Fund use tax collections for November totaled \$563,187 which is:

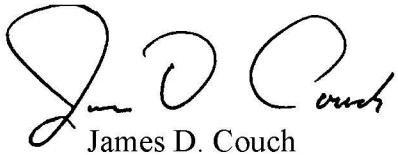
- \$3,008,434 or 84.2% below projection for the month
- \$3,060,408 or 84.5% below FY 2015 collections for the month

Most of use tax’s significant decline is due to a major refund. As previously noted in the July 2015 report, a company who had been remitting use tax to Oklahoma City in error was refunded \$2.7 million in July. The Oklahoma Tax Commission previously denied a portion of their originally requested refund. The denial was subsequently protested with additional information being provided and was recently approved. This resulted in an additional refund of \$6.2 million. The City’s use tax collections were reduced by \$3.6 million this month and the remaining \$2.6 million will be reduced from December’s collections.

FY 2016 Use Tax Performance: Month & YTD			
Major Category	Change from Nov 2014	Year-to-Date % Change	% of Total Use Tax
Wholesale	5.2%	-4.9%	53.7%
Retail	-34.6%	-0.4%	39.3%
Manufacturing	15.0%	5.1%	18.5%
Services	-43.1%	5.7%	17.5%
Utilities	-24.1%	-18.0%	1.7%
Hotels & Restaurants	85.9%	-27.0%	0.7%
Other Miscellaneous	-401.8%	-164.6%	-31.6%
<b>Total</b>	<b>-84.5%</b>	<b>-34.8%</b>	<b>100.0%</b>



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

A handwritten signature in black ink, appearing to read "James D. Couch". The letters are fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "Couch".

James D. Couch  
City Manager

**CITY OF OKLAHOMA CITY**  
**SALES TAX COLLECTIONS**  
*November 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>
<b>Current Month:</b>										
Actual	\$17,529,126	\$3,286,711	\$3,286,711	\$1,095,570	\$8,764,563	-	-	-	-	\$33,962,681
Reallocations	(\$164)	(\$31)	(\$31)	(\$10)	(\$12,985)	\$3,408	\$9,590	(\$380)	\$604	225
Adjusted 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
Target	\$18,526,540	\$3,473,726	\$3,473,726	\$1,157,909	\$9,274,731	-	-	-	-	\$35,906,632
+/- Target	(\$997,577)	(\$187,046)	(\$187,046)	(\$62,349)	(\$523,154)	\$3,408	\$9,590	(\$380)	\$604	(\$1,943,951)
%+/- Target	-5.4%	-5.4%	-5.4%	-5.4%	-5.6%	-	-	-	-	-5.4%
Prior Year Actual	\$18,416,043	\$3,453,008	\$3,453,008	\$1,151,003	\$9,219,415	(\$15,099)	\$1,544	\$49	\$1,502	\$35,680,474
+/- Prior Year	(\$887,081)	(\$166,328)	(\$166,328)	(\$55,443)	(\$467,837)	\$18,507	\$8,046	(\$430)	(\$899)	(\$1,717,792)
%+/- Prior Year	-4.8%	-4.8%	-4.8%	-4.8%	-5.1%	-122.6%	521.1%	-873.6%	-59.8%	-4.8%
<b>Year-to-Date:</b>										
Actual	\$91,023,708	\$17,066,945	\$17,066,945	\$5,688,982	\$45,511,854	-	-	-	-	\$176,358,434
Reallocations	\$505	\$95	\$95	\$32	(\$27,065)	\$6,944	\$15,490	\$122	\$3,784	-
Adjusted 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
Target	\$93,649,608	\$17,559,302	\$17,559,302	\$5,853,100	\$46,766,277	-	-	-	-	\$181,387,589
+/- Target	(\$2,625,396)	(\$492,262)	(\$492,262)	(\$164,087)	(\$1,281,488)	\$6,944	\$15,490	\$122	\$3,784	(\$5,029,155)
%+/- Target	-2.8%	-2.8%	-2.8%	-2.8%	-2.7%	-	-	-	-	-2.8%
Prior Year Actual	\$91,841,870	\$17,220,351	\$17,220,351	\$5,740,117	\$45,863,967	\$29,795	\$12,242	\$2,180	\$6,950	\$177,937,823
+/- Prior Year	(\$817,658)	(\$153,311)	(\$153,311)	(\$51,104)	(\$379,179)	(\$22,851)	\$3,247	(\$2,057)	(\$3,166)	(\$1,579,389)
%+/- Prior Year	-0.9%	-0.9%	-0.9%	-0.9%	-0.8%	-76.7%	26.5%	-94.4%	-45.6%	-0.9%
						(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 2015*

	<u>General Fund</u>	<u>MAPS 3</u>	<u>Sports Facilities Improvement</u>	<u>City &amp; Schools</u>	<u>Police/Fire Equipment</u>	<u>MAPS</u>	<u>Total Use Tax</u>
<b>Current Month:</b>							
Actual	\$563,186	\$195,891	-	-	-	-	\$759,077
Reallocations	\$1	(\$139)	(\$299)	\$113	(\$5)	\$329	-
Adjusted Actual	\$563,187	\$195,752	(\$299)	\$113	(\$5)	\$329	\$759,077
Target	\$3,571,621	\$1,242,303	-	-	-	-	\$4,813,924
+/- Target	(\$3,008,434)	(\$1,046,551)	(\$299)	\$113	(\$5)	\$329	(\$4,054,847)
%+/- Target	-84.2%	-84.2%	-	-	-	-	-84.2%
Prior Year Actual	\$3,623,595	\$1,260,291	\$74	\$14	\$3	-	\$4,883,976
+/- Prior Year	(\$3,060,408)	(\$1,064,539)	(\$373)	\$99	(\$8)	\$329	(\$4,124,899)
%+/- Prior Year	-84.5%	-84.5%	-505.2%	726.8%	-296.18%	-	-84.5%
<b>Year-to-Date:</b>							
Actual	\$10,541,897	\$3,666,747	-	-	-	-	\$14,208,644
Reallocations	\$220	(\$55,417)	(\$386)	\$54,931	\$291	\$361	-
Adjusted Actual	\$10,542,117	\$3,611,329	(\$386)	\$54,931	\$291	\$361	\$14,208,644
Target	\$16,111,359	\$5,603,951	-	-	-	-	\$21,715,310
+/- Target	(\$5,569,242)	(\$1,992,622)	(\$386)	\$54,931	\$291	\$361	(\$7,506,666)
%+/- Target	-34.6%	-35.6%	-	-	-	-	-34.6%
Prior Year Actual	\$16,103,580	\$5,600,664	\$101	\$478	\$2	-	\$21,704,825
+/- Prior Year	(\$5,561,463)	(\$1,989,335)	(\$487)	\$54,453	\$289	\$361	(\$7,496,182)
%+/- Prior Year	-34.5%	-35.5%	-481.8%	11385.9%	14037.38%	-	-34.5%
			(1)	(1)	(1)	(1)	(2) & (3)

**NOTES:**

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