



City Manager Report

The City of
OKLAHOMA CITY

NO: 719

DATE: OCTOBER 27, 2015

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: OCTOBER 2015 SALES AND USE TAX COLLECTIONS

Combined sales and use taxes for the General Fund are \$4,188,627 or 4.8% below projections for the year.

General Fund Sales Tax

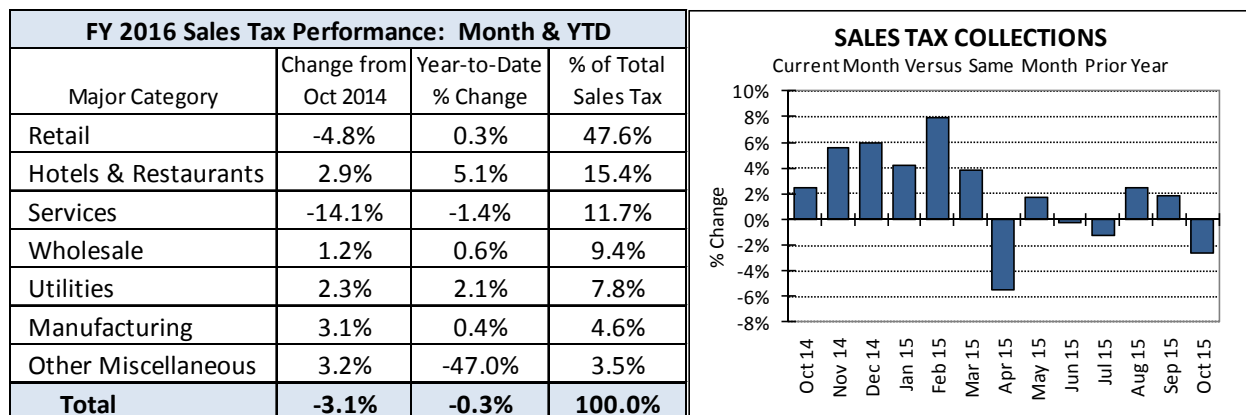
Note: With the enactment of House Bill 1875 on July 1, 2015, the retention fee paid to the Oklahoma Tax Commission for collection of sales and use taxes decreased from 1% to 0.5%. Overall comparisons of sales tax will include the additional 0.5%, while comparisons of specific categories will not be affected.

General Fund sales tax collections for October totaled \$18,304,101, which is:

- \$595,905 or 3.2% below projections for the month
- \$483,182 or 2.6% below FY 2015 collections for the month

The October remittance includes actual collections for the second half of August and estimated collections for the first half of September by major taxpayers.

Retail and Services sales fell this month while the rest of the major sales tax categories experienced modest growth. Nine out of the twelve subcategories of Retail experienced sales tax declines. Much of Services' decline stems from reduced oil & gas related activity.



City Comparison		
City	Change from Oct 2014	Year-to-Date % Change
Oklahoma City	-2.6%	0.1%
Tulsa	0.1%	0.9%
Norman	0.9%	3.8%
Edmond	1.0%	1.9%
Moore	4.6%	8.2%
Midwest City	2.0%	1.2%
Yukon	10.8%	16.1%
<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 0.4% 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 – Most in the category reported declines in sales from last year.
- Food Stores – Most in the category performed well. One business had a large payment last year that inflated last year’s sales and is responsible for this year’s decline.
- Apparel & Accessories – Sales were down for the majority of retailers this month. One business remitted a refund and accounted for about half of this month’s decrease.
- Electronics & Appliances – Sales were down for most; however, one retailer had a very large payment last year and a refund this year and accounted for two-thirds of the drop.
- Miscellaneous Retail – A single oil and gas related business caused this month’s decline.
- Furniture & Home – Most retailers simply did not perform as well as they did last year.
- Pharmacies & Health Stores – A very large refund this month caused the decline.

FY 2016 Retail Sub-Category Performance: Month & YTD			
Retail Category	Change from Oct 2014	Year-to-Date % Change	% of Total Retail Sales
General Merchandise	-3.4%	0.2%	23.0%
Building Materials and Lawn & Garden	4.5%	4.6%	15.0%
Food Stores	-1.3%	4.7%	13.8%
Apparel & Accessories	-9.0%	-0.7%	9.7%
Electronics & Appliances	-20.8%	-3.9%	8.9%
Miscellaneous Retail	-8.3%	-17.0%	5.9%
Auto Parts & Supplies	7.1%	10.9%	5.5%
Furniture & Home	-13.4%	-7.0%	4.9%
Sporting Goods & Hobby Stores	0.9%	-0.1%	4.9%
Pharmacies & Health Stores	-10.4%	7.6%	4.2%
Convenience Stores	-6.1%	-1.0%	3.6%
Direct Sales	-9.9%	-6.8%	0.7%
Total	-4.8%	0.3%	100.0%

Other Major Categories

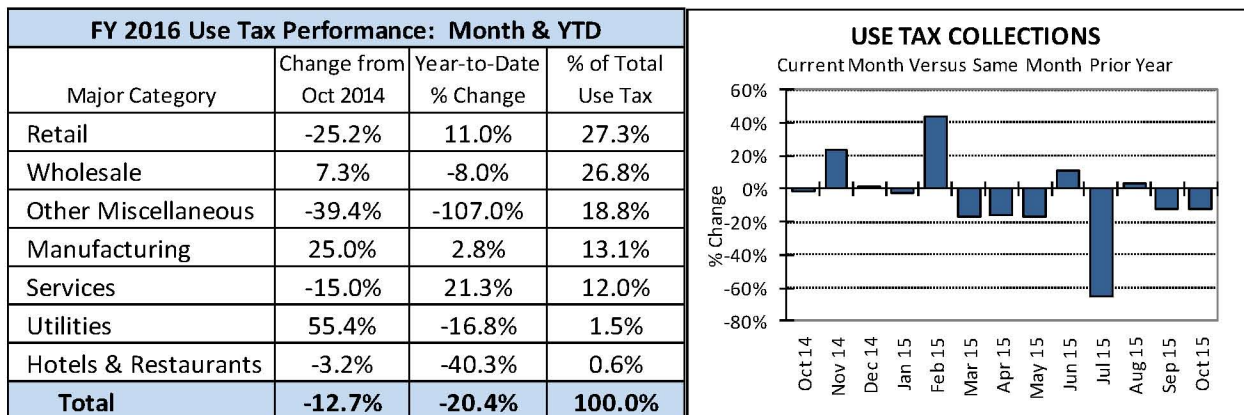
- Hotels & Restaurants grew 2.9% from last year.
 - Hotels jumped 13.3%. Most hotels performed well. One hotel underpaid last month and corrected it this month helping to further boost this month’s performance.
 - Eating & Drinking Establishment’s increased 1.2%.
- Services fell 14.1% primarily due to declines by oil & gas related businesses.
- Wholesale rose 1.2% with most major wholesalers reporting growth from last year.
- Utilities increased 2.3%. Electricity sales improved while natural gas sales were down.
- Manufacturing grew 3.1%. A large uptick in the sales of fabricated metals helped.
- Other Miscellaneous was up 3.2%. After several months of declining sales, Mining and Non-Classified both improved this month.

General Fund Use Tax

General Fund use tax collections for October totaled \$2,618,202 which is:

- \$416,098 or 13.7% below projections for the month
- \$367,542 or 12.3% below FY 2015 collections for the month

Use tax tends to be dominated by a few businesses and is therefore much more volatile by nature than sales tax. This month, two businesses were largely responsible for the decline.



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
October 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	\$18,304,083	\$3,432,016	\$3,432,016	\$1,144,005	\$9,152,041	-	-	-	-	\$35,464,160
Reallocations	\$19	\$3	\$3	\$1	(\$5,656)	\$398	\$4,339	\$6	\$887	-
Adjusted Actual	\$18,304,101	\$3,432,019	\$3,432,019	\$1,144,006	\$9,146,385	\$398	\$4,339	\$6	\$887	\$35,464,160
Target	\$18,900,006	\$3,543,751	\$3,543,751	\$1,181,250	\$9,434,473	-	-	-	-	\$36,603,232
+/- Target	(\$595,905)	(\$111,732)	(\$111,732)	(\$37,244)	(\$288,088)	\$398	\$4,339	\$6	\$887	(\$1,139,072)
%+/- Target	-3.2%	-3.2%	-3.2%	-3.2%	-3.1%	-	-	-	-	-3.1%
Prior Year Actual	\$18,787,283	\$3,522,616	\$3,522,616	\$1,174,205	\$9,378,204	\$12,365	\$2,406	\$33	\$553	\$36,400,279
+/- Prior Year	(\$483,182)	(\$90,597)	(\$90,597)	(\$30,199)	(\$231,819)	(\$11,967)	\$1,933	(\$27)	\$334	(\$936,119)
%+/- Prior Year	-2.6%	-2.6%	-2.6%	-2.6%	-2.5%	-96.8%	80.3%	-81.8%	60.3%	-2.6%
Year-to-Date:										
Actual	\$73,494,582	\$13,780,234	\$13,780,234	\$4,593,411	\$36,747,291	-	-	-	-	\$142,395,753
Reallocations	\$668	\$125	\$125	\$42	(\$14,080)	\$3,536	\$5,900	\$503	\$3,181	-
Adjusted Actual	\$73,495,250	\$13,780,359	\$13,780,359	\$4,593,453	\$36,733,211	\$3,536	\$5,900	\$503	\$3,181	\$142,395,753
Target	\$75,123,069	\$14,085,575	\$14,085,575	\$4,695,192	\$37,491,546	-	-	-	-	\$145,480,957
+/- Target	(\$1,627,818)	(\$305,216)	(\$305,216)	(\$101,739)	(\$758,335)	\$3,536	\$5,900	\$503	\$3,181	(\$3,085,204)
%+/- Target	-2.2%	-2.2%	-2.2%	-2.2%	-2.0%	-	-	-	-	-2.1%
Prior Year Actual	\$73,425,827	\$13,767,343	\$13,767,343	\$4,589,114	\$36,644,552	\$44,894	\$10,698	\$2,131	\$5,447	\$142,257,349
+/- Prior Year	\$69,423	\$13,017	\$13,017	\$4,339	\$88,659	(\$41,358)	(\$4,798)	(\$1,628)	(\$2,267)	\$138,403
%+/- Prior Year	0.1%	0.1%	0.1%	0.1%	0.2%	-92.1%	-44.9%	-76.4%	-41.6%	0.1%
						(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
October 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	\$2,618,202	\$910,679	-	-	-	-	\$3,528,882
Reallocations	\$0	\$625	(\$424)	(\$202)	\$2	-	-
Adjusted Actual	\$2,618,202	\$911,304	(\$424)	(\$202)	\$2	-	\$3,528,882
Target	\$3,034,300	\$1,055,409	-	-	-	-	\$4,089,709
+/- Target	(\$416,098)	(\$144,105)	(\$424)	(\$202)	\$2	-	(\$560,827)
%+/- Target	-13.7%	-13.7%	-	-	-	-	-13.7%
Prior Year Actual	\$2,985,745	\$1,038,522	(\$43)	\$41	-	-	\$4,024,265
+/- Prior Year	(\$367,542)	(\$127,218)	(\$382)	(\$242)	\$2	-	(\$495,383)
%+/- Prior Year	-12.3%	-12.2%	889.9%	-597.5%	-	-	-12.3%
Year-to-Date:							
Actual	\$9,978,711	\$3,470,856	-	-	-	-	\$13,449,567
Reallocations	\$218	(\$55,279)	(\$87)	\$54,818	\$296	\$32	-
Adjusted Actual	\$9,978,929	\$3,415,577	(\$87)	\$54,818	\$296	\$32	\$13,449,567
Target	\$12,539,738	\$4,361,648	-	-	-	-	\$16,901,386
+/- Target	(\$2,560,809)	(\$946,071)	(\$87)	\$54,818	\$296	\$32	(\$3,451,819)
%+/- Target	-20.4%	-21.7%	-	-	-	-	-20.4%
Prior Year Actual	\$12,479,984	\$4,340,373	\$27	\$465	(\$1)	-	\$16,820,849
+/- Prior Year	(\$2,501,055)	(\$924,796)	(\$114)	\$54,354	\$297	\$32	(\$3,371,282)
%+/- Prior Year	-20.0%	-21.3%	-418.3%	11699.8%	-53023.21%	-	-20.0%
			(1)	(1)	(1)	(1)	(2) & (3)

NOTES:

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