



City Manager Report

The City of OKLAHOMA CITY

NO: 426

DATE: FEBRUARY 25, 2014

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: FEBRUARY 2014 SALES AND USE TAX COLLECTIONS

Combined sales and use taxes for the General Fund are \$4,165,005 or 2.4% below target for the year.

General Fund Sales Tax

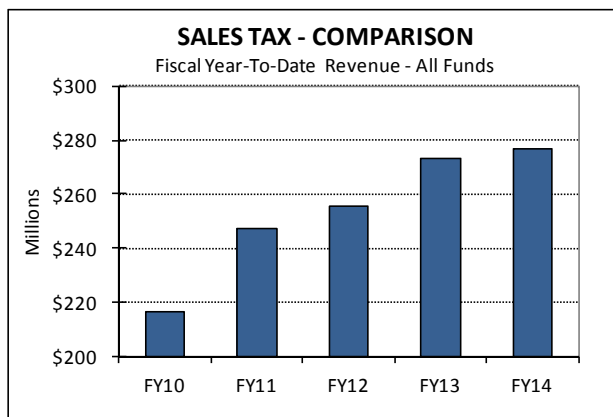
The February allocation of sales tax to the General Fund totaled \$18,609,832, which is:

- Almost exactly on target for the month
- \$673,740 or 3.8% above FY 2013 collections for the month

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

Retail sales were up this month with strong growth in Electronics & Appliances, Convenience Stores, and Building Materials. After many months of declining sales, both Wholesale and Manufacturing reported strong sales tax growth this month. Wholesale's growth was due to solid activity throughout the category while Manufacturing's growth was largely the result of a large refund last year. Utility sales have also been down the last couple of months, but made a strong rebound this month. Other Miscellaneous' drop this month is primarily due to the reclassification of several larger taxpayers from the Non-Classified subcategory.

| FY 2014 Sales Tax: Growth by Industry | | |
|--|----------------------|----------------------|
| Major Category | Feb 2014 Growth Rate | % of Total Sales Tax |
| Retail | 3.8% | 54.3% |
| Hotels & Restaurants | -0.3% | 13.7% |
| Services | -6.4% | 10.1% |
| Wholesale | 7.8% | 9.5% |
| Utilities | 34.1% | 6.7% |
| Manufacturing | 27.0% | 3.7% |
| Other Miscellaneous | -45.1% | 2.0% |
| Total | 3.8% | 100.0% |



| City Comparison | | |
|--|----------------------|-----------------------|
| Major Category | Feb 2014 Growth Rate | Year-to-Date % Change |
| Oklahoma City | 3.8% | 1.2% |
| Tulsa | 2.0% | 0.7% |
| Norman | 7.9% | 5.7% |
| Edmond | 9.3% | 0.8% |
| Moore | 6.0% | 9.2% |
| Midwest City | 2.9% | 3.8% |
| Yukon | 2.5% | 6.4% |
| * Rates are normalized to account for tax rate changes | | |

Comparison to Other Cities

Oklahoma City along with the rest of the metro and Tulsa showed improvement in sales tax collections over last year and fiscal year-to-date. Edmond, Norman, and Moore were the growth leaders this month. Oklahoma City's performance is about average compared to the other cities.

Retail

- General Merchandise and Miscellaneous Retail – Both categories are down because the majority of retailers in both categories experienced sales levels below last year.
- Electronics & Appliances – One major retailer had a small payment last year due to an error they made the month prior. Other retailers also had refunds last year causing this year's growth to appear better than it is.
- Sporting Goods & Hobby Stores – Last year's sales were strong due to the grand opening of a major sporting goods store and the payment of a prior period's tax by another retailer.
- Furniture & Home – A very large payment last year accounted for most of this month's decline.
- Convenience Stores – A large retailer who was previously unclassified was properly classified this month. The added sales from this retailer made a significant impact.

| FY 2014 Sales Tax: Retail Sub-Category Growth | | |
|---|----------------------|-----------------------------|
| Major Category | Feb 2014 Growth Rate | % of Total Retail Sales Tax |
| General Merchandise | -4.3% | 26.3% |
| Apparel & Accessories | 1.0% | 14.2% |
| Food Stores | 8.5% | 12.1% |
| Building Materials and Lawn & Garden | 11.7% | 10.8% |
| Electronics & Appliances | 37.4% | 8.1% |
| Miscellaneous Retail | -13.3% | 6.6% |
| Sporting Goods & Hobby Stores | -16.3% | 6.3% |
| Furniture & Home | -7.3% | 4.5% |
| Pharmacies & Health Stores | 16.1% | 4.4% |
| Auto Parts & Supplies | 12.9% | 4.3% |
| Convenience Stores | 111.2% | 1.8% |
| Direct Sales | -10.7% | 0.6% |
| Total | 3.8% | 100.0% |

Other Major Categories

- Hotels & Restaurants decreased 0.3% from last year.
 - Hotels were up 9.5%
 - Eating & Drinking Establishments were down 1.6%.
- Services decreased 6.4% from last year. There were several businesses that either had large payments last year or refunds/low payments this year.
- Wholesale increased 7.8% this month as most wholesalers performed well.
- Utilities grew 34.1% this month. After a couple months of low payments, both gas and electricity sales are up notably.
- Manufacturing increased 27.0% this month. Much of this month’s growth is due to one manufacturer who had a very large refund last year. The refund accounted for about three-quarters of this month’s growth.

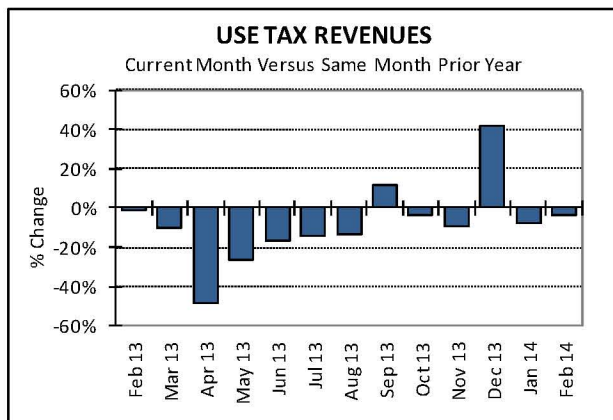
General Fund Use Tax

The February allocation of use tax to the General Fund totaled \$3,132,571, which is:

- \$143,885 or 4.4% below target for the month
- \$117,030 or 3.6% below FY 2013 collections for the month

Growth in Wholesale was offset by declines in Retail and Manufacturing. Use tax revenues are currently 2.2% below target year-to-date.

| FY 2014 Use Tax: <i>Growth by Industry</i> | | |
|--|----------------------|----------------------|
| Major Category | Feb 2014 Growth Rate | % of Total Sales Tax |
| Retail | -14.8% | 27.6% |
| Wholesale | 23.8% | 27.4% |
| Other Miscellaneous | 8.0% | 20.6% |
| Manufacturing | -36.6% | 13.4% |
| Services | -9.4% | 9.6% |
| Utilities | -9.6% | 0.9% |
| Hotels & Restaurants | 111.6% | 0.5% |
| Total | -3.6% | 100.0% |



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


 James D. Couch
 City Manager

CITY OF OKLAHOMA CITY
SALES TAX COLLECTIONS
February 2014

| | General Fund | Police Public Safety | Fire Public Safety | Zoo | MAPS 3 | Sports Facilities Improvement | MAPS for Kids | Police/Fire Equipment | MAPS | Total Sales Tax |
|-----------------------|-----------------|-------------------------|-----------------------|-------------|---------------|----------------------------------|------------------|--------------------------|----------|--------------------|
| Current Month: | | | | | | | | | | |
| Actual | \$18,609,656 | \$3,489,310 | \$3,489,310 | \$1,163,103 | \$9,304,828 | - | - | - | - | \$36,056,208 |
| Reallocations | \$177 | \$33 | \$33 | \$11 | (\$4,329) | \$1,798 | \$1,090 | \$102 | \$1,084 | - |
| Adjusted Actual | \$18,609,832 | \$3,489,344 | \$3,489,344 | \$1,163,115 | \$9,300,499 | \$1,798 | \$1,090 | \$102 | \$1,084 | \$36,056,208 |
| Target | \$18,615,160 | \$3,490,343 | \$3,490,343 | \$1,163,448 | \$9,276,696 | - | - | - | - | \$36,035,990 |
| +/- Target | (\$5,328) | (\$999) | (\$999) | (\$333) | \$23,803 | \$1,798 | \$1,090 | \$102 | \$1,084 | \$20,218 |
| %+/- Target | - | - | - | - | 0.3% | - | - | - | - | 0.1% |
| Prior Year Actual | \$17,936,092 | \$3,363,017 | \$3,363,017 | \$1,121,006 | \$8,937,938 | \$18,894 | \$8,584 | \$726 | \$1,281 | \$34,750,556 |
| +/- Prior Year | \$673,740 | \$126,326 | \$126,326 | \$42,109 | \$362,561 | (\$17,096) | (\$7,494) | (\$624) | (\$197) | \$1,305,651 |
| %+/- Prior Year | 3.8% | 3.8% | 3.8% | 3.8% | 4.1% | -90.5% | -87.3% | -85.9% | -15.4% | 3.8% |
| Year-to-Date: | | | | | | | | | | |
| Actual | \$142,866,315 | \$26,787,434 | \$26,787,434 | \$8,929,145 | \$71,433,158 | - | - | - | - | \$276,803,486 |
| Reallocations | \$1,707 | \$320 | \$320 | \$107 | (\$89,455) | \$30,380 | \$37,978 | \$1,255 | \$17,387 | - |
| Adjusted Actual | \$142,868,023 | \$26,787,754 | \$26,787,754 | \$8,929,251 | \$71,343,703 | \$30,380 | \$37,978 | \$1,255 | \$17,387 | \$276,803,486 |
| Target | \$146,484,549 | \$27,465,854 | \$27,465,854 | \$9,155,285 | \$73,016,683 | - | - | - | - | \$283,588,225 |
| +/- Target | (\$3,616,526) | (\$678,100) | (\$678,100) | (\$226,034) | (\$1,672,980) | \$30,380 | \$37,978 | \$1,255 | \$17,387 | (\$6,784,739) |
| %+/- Target | -2.5% | -2.5% | -2.5% | -2.5% | -2.3% | - | - | - | - | -2.4% |
| Prior Year Actual | \$141,141,028 | \$26,463,943 | \$26,463,943 | \$8,821,314 | \$70,350,392 | \$118,530 | \$71,071 | \$7,259 | \$15,206 | \$273,452,686 |
| +/- Prior Year | \$1,726,994 | \$323,811 | \$323,811 | \$107,937 | \$993,310 | (\$88,149) | (\$33,093) | (\$6,003) | \$2,181 | \$3,350,800 |
| %+/- Prior Year | 1.2% | 1.2% | 1.2% | 1.2% | 1.4% | -74.4% | -46.6% | -82.7% | 14.3% | 1.2% |
| | | | | | | (1) | (1) | (1) | (1) | |

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.

CITY OF OKLAHOMA CITY
USE TAX COLLECTIONS
February 2014

| | <u>General</u> <u>Fund</u> | <u>MAPS 3</u> | <u>Sports Facilities</u> <u>Improvement</u> | <u>City &</u> <u>Schools</u> | <u>Police/Fire</u> <u>Equipment</u> | <u>MAPS</u> | <u>Total</u> <u>Use Tax</u> |
|-----------------------|-------------------------------|---------------|--|-------------------------------------|--|-------------|--------------------------------|
| Current Month: | | | | | | | |
| Actual | \$3,132,571 | \$1,089,590 | - | - | - | - | \$4,222,160 |
| Reallocations | \$0 | (\$2,610) | \$2,261 | \$349 | \$0 | - | - |
| Adjusted Actual | \$3,132,571 | \$1,086,980 | \$2,261 | \$349 | \$0 | - | \$4,222,160 |
| Target | \$3,276,456 | \$1,142,143 | - | - | - | - | \$4,418,599 |
| +/- Target | (\$143,885) | (\$55,163) | \$2,261 | \$349 | \$0 | - | (\$196,439) |
| %+/- Target | -4.4% | -4.8% | - | - | - | - | -4.4% |
| Prior Year Actual | \$3,249,601 | \$1,131,452 | (\$370) | (\$226) | (\$9) | (\$468) | \$4,379,980 |
| +/- Prior Year | (\$117,030) | (\$44,472) | \$2,631 | \$575 | \$9 | \$468 | (\$157,820) |
| %+/- Prior Year | -3.6% | -3.9% | -710.3% | -254.6% | -103.63% | -100.00% | -3.6% |
| Year-to-Date: | | | | | | | |
| Actual | \$24,203,295 | \$8,418,537 | - | - | - | - | \$32,621,832 |
| Reallocations | \$338 | (\$30,794) | \$22,271 | \$7,894 | \$264 | \$27 | - |
| Adjusted Actual | \$24,203,633 | \$8,387,743 | \$22,271 | \$7,894 | \$264 | \$27 | \$32,621,832 |
| Target | \$24,752,112 | \$8,599,745 | - | - | - | - | \$33,351,857 |
| +/- Target | (\$548,479) | (\$212,002) | \$22,271 | \$7,894 | \$264 | \$27 | (\$730,025) |
| %+/- Target | -2.2% | -2.5% | - | - | - | - | -2.2% |
| Prior Year Actual | \$24,549,233 | \$8,519,247 | \$3,484 | \$12,768 | \$1,162 | \$1,083 | \$33,086,977 |
| +/- Prior Year | (\$345,600) | (\$131,504) | \$18,786 | (\$4,874) | (\$898) | (\$1,056) | (\$465,145) |
| %+/- Prior Year | -1.4% | -1.5% | 539.2% | -38.2% | -77.3% | -97.5% | -1.4% |
| | | | (1) | (1) | (1) | (1) | |

NOTES:

(1) The **Sports Facilities Improvement, City & Schools, Police/Fire Equipment** and **MAPS** taxes expired in prior years, therefore, only current year reallocation activity is presented for these funds.