



# City Manager Report

## The City of OKLAHOMA CITY

**NO:** 451

**DATE:** MARCH 25, 2014

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

**SUBJECT:** MARCH 2014 SALES AND USE TAX COLLECTIONS

Combined sales and use taxes for the General Fund are \$4,356,744 or 2.3% below target for the year.

### General Fund Sales Tax

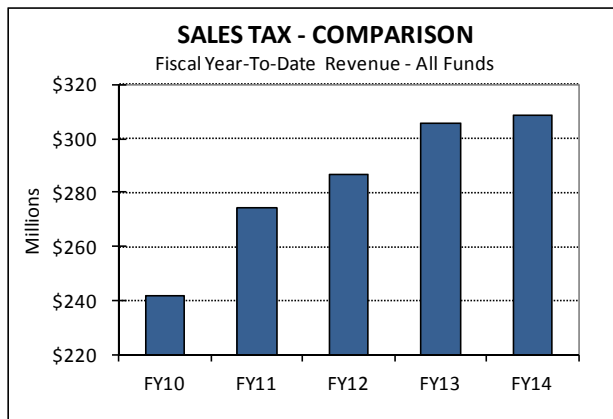
The March allocation of sales tax to the General Fund totaled \$16,301,164, which is:

- (\$863,642) or 5.0% below target for the month
- (\$237,500) or 1.4% below FY 2013 collections for the month

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

Retail sales were down this month with eight of the twelve subcategories of retail reporting declines from last year. Both Wholesale and Manufacturing have been showing improvement recently after an extended period of declining sales. The drop in Utilities this month is not due to poor sales but rather a reporting change by one of the utilities. The reporting change had a negative effect on this month's sales but will have an offsetting positive effect next year. Without that reporting change, sales tax growth would have been flat or slightly positive for the month. Recently, several businesses that were listed as Non-Classified under Other Miscellaneous were properly classified and moved to their appropriate categories.

FY 2014 Sales Tax: <i>Growth by Industry</i>		
Major Category	Mar 2014 Growth Rate	% of Total Sales Tax
Retail	-3.5%	49.3%
Hotels & Restaurants	7.3%	15.0%
Services	2.0%	11.2%
Wholesale	5.1%	9.9%
Utilities	-9.4%	7.9%
Manufacturing	7.7%	4.7%
Other Miscellaneous	-41.8%	2.0%
<b>Total</b>	<b>-1.4%</b>	<b>100.0%</b>



City Comparison		
Major Category	Mar 2014 Growth Rate	Year-to-Date % Change
Oklahoma City	-1.4%	0.9%
Tulsa	-3.6%	0.2%
Norman	-1.5%	4.9%
Edmond	2.4%	1.0%
Moore	4.0%	8.6%
Midwest City	-1.7%	3.2%
Yukon	-0.2%	5.7%
* Rates are normalized to account for tax rate changes		

### Comparison to Other Cities

Oklahoma City's growth rate was comparable to the performance of the rest of the metro and Tulsa. Oklahoma City and Tulsa's year-to-date growth rates are below some portions of the metro. Growth in suburban areas appears to be outpacing growth in urban areas. State sales tax growth was up 0.5% over last year.

### Retail

- General Merchandise – It was a difficult month for most in the category. Fifteen of the top twenty retailers experienced declines in sales this month.
- Building Materials and Lawn & Garden – Sales were strong this month last year in part due to a large remittance by a major building materials business.
- Electronics & Appliances – This month's decline is largely due to a couple of large payments last year and the loss of a couple of larger retailers this year.
- Auto Parts & Supplies – Most in the category performed well; however, the non-payment this month by a major tire chain caused most of this month's decline.
- Convenience Stores – Virtually all of this month's growth is due to the reclassification of a major convenience store chain. They were previously listed in Other Miscellaneous as Non-Classified.

FY 2014 Sales Tax: Retail Sub-Category Growth		
Major Category	Mar 2014 Growth Rate	% of Total Retail Sales Tax
General Merchandise	-13.9%	25.5%
Building Materials and Lawn & Garden	-3.8%	13.4%
Food Stores	8.5%	12.7%
Electronics & Appliances	-5.0%	10.2%
Apparel & Accessories	-7.6%	9.6%
Miscellaneous Retail	3.1%	6.8%
Auto Parts & Supplies	-7.0%	5.6%
Furniture & Home	-2.3%	4.8%
Sporting Goods & Hobby Stores	-4.6%	4.5%
Pharmacies & Health Stores	-10.3%	4.0%
Convenience Stores	112.1%	2.3%
Direct Sales	66.8%	0.8%
<b>Total</b>	<b>-3.5%</b>	<b>100.0%</b>

### Other Major Categories

- Hotels & Restaurants rose 7.3% from last year.
  - Hotels jumped 18.2% due to a large multi-period payment from an OTC audit.
  - Eating & Drinking Establishments were up 5.4%.
- Services grew 2.0% from last year. Solid growth in Telecommunications helped to offset declines in Real Estate and Professional Services.
- Wholesale increased 5.1% with 65% of the top 20 wholesalers reporting improved sales over last year.
- Utilities declined 9.4% this month. A reporting change by one of the utilities affected this month's sales but will also have an offsetting affect next year.
- Manufacturing was up 7.7% this month as most manufacturers reported improved sales.
- Other Miscellaneous dropped 41.8%. Most of the decline was due to the reclassification of several businesses that were previously in the Non-Classified subcategory.

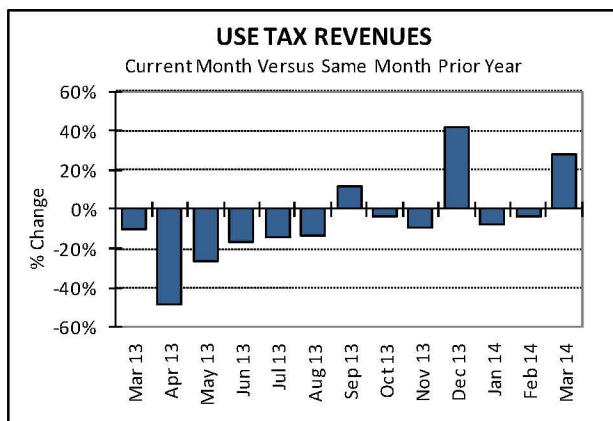
### General Fund Use Tax

The March allocation of use tax to the General Fund totaled \$3,160,858, which is:

- \$671,703 or 27.0% above target for the month
- \$692,105 or 28.0% above FY 2013 collections for the month

Use tax growth was strong in nearly every category. Additionally, last year's use tax collections were below average making year-to-year comparisons appear somewhat exaggerated.

<b>FY 2014 Use Tax: Growth by Industry</b>		
Major Category	Mar 2014 Growth Rate	% of Total Sales Tax
Retail	27.7%	28.5%
Wholesale	21.0%	25.1%
Other Miscellaneous	11.2%	21.9%
Services	63.5%	13.2%
Manufacturing	28.5%	9.7%
Utilities	597.2%	1.4%
Hotels & Restaurants	-70.5%	0.2%
<b>Total</b>	<b>28.0%</b>	<b>100.0%</b>



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

  
James D. Couch  
City Manager

**CITY OF OKLAHOMA CITY**  
**SALES TAX COLLECTIONS**  
*March 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
<b>Current Month:</b>										
Actual	\$16,300,948	\$3,056,428	\$3,056,428	\$1,018,809	\$8,150,474	-	-	-	-	\$31,583,086
Reallocations	\$216	\$40	\$40	\$13	(\$1,944)	(\$1,385)	\$2,265	\$214	\$540	-
Adjusted Actual	\$16,301,164	\$3,056,468	\$3,056,468	\$1,018,823	\$8,148,530	(\$1,385)	\$2,265	\$214	\$540	\$31,583,086
Target	\$17,164,806	\$3,218,401	\$3,218,401	\$1,072,800	\$8,593,346	-	-	-	-	\$33,267,754
+/- Target	(\$863,642)	(\$161,933)	(\$161,933)	(\$53,977)	(\$444,816)	(\$1,385)	\$2,265	\$214	\$540	(\$1,684,668)
%+/- Target	-5.0%	-5.0%	-5.0%	-5.0%	-5.2%	-	-	-	-	-5.1%
Prior Year Actual	\$16,538,664	\$3,101,000	\$3,101,000	\$1,033,667	\$8,279,551	(\$17,619)	\$4,664	\$766	\$430	\$32,042,121
+/- Prior Year	(\$237,500)	(\$44,531)	(\$44,531)	(\$14,844)	(\$131,022)	\$16,234	(\$2,399)	(\$552)	\$110	(\$459,035)
%+/- Prior Year	-1.4%	-1.4%	-1.4%	-1.4%	-1.6%	-92.1%	-51.4%	-72.0%	25.5%	-1.4%
<b>Year-to-Date:</b>										
Actual	\$159,167,465	\$29,843,900	\$29,843,900	\$9,947,967	\$79,583,733	-	-	-	-	\$308,386,964
Reallocations	\$1,923	\$361	\$361	\$120	(\$91,399)	\$28,996	\$40,243	\$1,469	\$17,927	-
Adjusted Actual	\$159,169,388	\$29,844,260	\$29,844,260	\$9,948,087	\$79,492,334	\$28,996	\$40,243	\$1,469	\$17,927	\$308,386,964
Target	\$163,649,355	\$30,684,255	\$30,684,255	\$10,228,085	\$81,610,029	-	-	-	-	\$316,855,979
+/- Target	(\$4,479,967)	(\$839,995)	(\$839,995)	(\$279,998)	(\$2,117,695)	\$28,996	\$40,243	\$1,469	\$17,927	(\$8,469,015)
%+/- Target	-2.7%	-2.7%	-2.7%	-2.7%	-2.6%	-	-	-	-	-2.7%
Prior Year Actual	\$157,679,692	\$29,564,942	\$29,564,942	\$9,854,981	\$78,629,944	\$100,911	\$75,735	\$8,024	\$15,636	\$305,494,808
+/- Prior Year	\$1,489,696	\$279,318	\$279,318	\$93,106	\$862,390	(\$71,915)	(\$35,492)	(\$6,555)	\$2,291	\$2,892,156
%+/- Prior Year	0.9%	0.9%	0.9%	0.9%	1.1%	-71.3%	-46.9%	-81.7%	14.7%	0.9%
						(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**  
*March 2014*

	<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	\$3,160,858	\$1,099,429	-	-	-	-	\$4,260,287
Reallocations	(\$0)	(\$681)	\$175	\$507	\$0	-	-
Adjusted Actual	\$3,160,858	\$1,098,748	\$175	\$507	\$0	-	\$4,260,287
Target	\$2,489,155	\$874,243	-	-	-	-	\$3,363,398
+/- Target	\$671,703	\$224,505	\$175	\$507	\$0	-	\$896,889
%+/- Target	27.0%	25.7%	-	-	-	-	26.7%
Prior Year Actual	\$2,468,753	\$866,059	(\$1,983)	(\$5,384)	\$1	\$3	\$3,327,448
+/- Prior Year	\$692,105	\$232,689	\$2,158	\$5,891	(\$1)	(\$3)	\$932,839
%+/- Prior Year	28.0%	26.9%	-108.8%	-109.4%	-96.43%	-100.00%	28.0%
<b>Year-to-Date:</b>							
Actual	\$27,364,153	\$9,517,966	-	-	-	-	\$36,882,119
Reallocations	\$338	(\$31,475)	\$22,445	\$8,401	\$264	\$27	-
Adjusted Actual	\$27,364,490	\$9,486,491	\$22,445	\$8,401	\$264	\$27	\$36,882,119
Target	\$27,241,267	\$9,473,988	-	-	-	-	\$36,715,255
+/- Target	\$123,223	\$12,503	\$22,445	\$8,401	\$264	\$27	\$166,864
%+/- Target	0.5%	0.1%	-	-	-	-	0.5%
Prior Year Actual	\$27,017,986	\$9,385,306	\$1,501	\$7,384	\$1,162	\$1,086	\$36,414,425
+/- Prior Year	\$346,505	\$101,185	\$20,944	\$1,017	(\$898)	(\$1,059)	\$467,694
%+/- Prior Year	1.3%	1.1%	1395.4%	13.8%	-77.3%	-97.5%	1.3%
			(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.