



City Manager Report

The City of OKLAHOMA CITY

NO: 505

DATE: OCTOBER 21, 2014

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: OCTOBER 2014 SALES AND USE TAX COLLECTIONS

Combined sales and use taxes for the General Fund are \$845,996 or 1.0% below target for the year.

General Fund Sales Tax

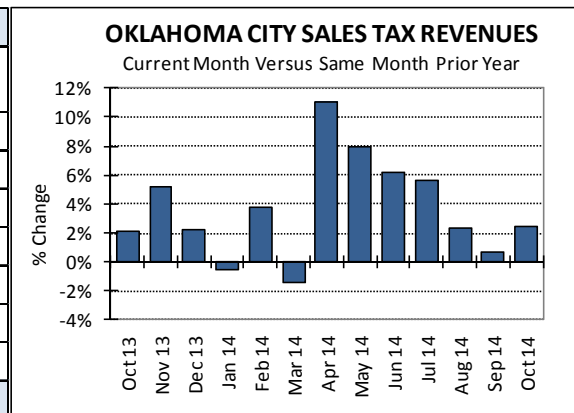
The October allocation of sales tax to the General Fund totaled \$18,787,283, which is:

- \$68,629 or 0.4% below target for the month
- \$455,654 or 2.5% above FY 2014 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.

Sales tax collections increased 2.5% this month and are up 2.8% for the year. This marks the seventh month in a row of improvements over the prior year's performance. Retail makes up almost half of all sales tax collections. Retail's decline is due in part to comparisons to last year's strong building material sales from the May tornados and weak general merchandise sales. Sales were up for all of the other major sales tax categories with the exception of Other Miscellaneous. Vigorous rental and leasing sales caused much of Services 24.0% growth.

FY 2015 Sales Tax: Growth by Industry			
Major Category	Oct 2014 Growth Rate	Year-to-Date % Change	% of Total Sales Tax
Retail	-1.1%	0.4%	48.0%
Hotels & Restaurants	7.7%	4.7%	14.9%
Services	24.0%	9.0%	12.4%
Wholesale	1.8%	0.5%	9.2%
Utilities	5.5%	-7.1%	7.6%
Manufacturing	5.2%	3.0%	4.4%
Other Miscellaneous	-27.1%	20.7%	3.4%
Total	2.5%	2.8%	100.0%



City Comparison		
City	Oct 2014 Growth Rate	Year-to-Date % Change
Oklahoma City	2.5%	2.8%
Tulsa	3.3%	4.4%
Norman	3.7%	2.2%
Edmond	4.8%	5.7%
Moore	-1.2%	1.6%
Midwest City	-5.2%	-3.5%
Yukon	0.8%	0.5%

Rates are normalized to account for tax rate changes

Comparison to Other Cities

Oklahoma City's growth for both the month and year-to-date is in the middle in relation to the other comparison cities. Edmond is the growth leader both this month and year-to-date. A new large general merchandising store has likely helped contribute to Edmond's growth. State sales taxes were up 5.3% and all Oklahoma cities combined were up 3.0%.

Retail

- General Merchandise – several major general merchandisers experienced declines in sales from last year.
- Building Materials – Sales are down due to comparisons against last year's strong roofing and building material sales related to extensive storm damage.
- Miscellaneous Retail – Sales were down for the majority of taxpayers.
- Auto Parts & Supplies – The decrease is primarily due to the non-payment of tax from a major automotive business. The Oklahoma Tax Commission has been informed and their compliance division is continuing to work with the taxpayer to correct this issue.
- Pharmacies & Health Stores – The reclassification of a store (previously in Miscellaneous Retail) along with the recent opening of another business, helped to boost this month's performance.
- Convenience Stores – Virtually all of this month's growth is due to the reclassification of a major convenience store previously listed in Other Miscellaneous as Non-Classified.

FY 2015 Sales Tax: Retail Sub-Category Growth			
Retail Category	Oct 2014 Growth Rate	Year-to-Date % Change	% of Total Retail Sales
General Merchandise	-4.0%	-2.8%	22.8%
Building Materials and Lawn & Garden	-18.3%	-14.3%	14.3%
Food Stores	5.4%	7.8%	13.5%
Apparel & Accessories	3.8%	3.7%	9.9%
Electronics & Appliances	4.5%	-0.4%	9.7%
Miscellaneous Retail	-6.9%	2.6%	6.0%
Auto Parts & Supplies	-9.2%	-7.1%	5.1%
Furniture & Home	-5.7%	1.1%	5.1%
Sporting Goods & Hobby Stores	0.5%	0.0%	4.8%
Pharmacies & Health Stores	21.6%	17.0%	4.4%
Convenience Stores	109.8%	102.4%	3.6%
Direct Sales	33.8%	30.4%	0.7%
Total	-1.1%	0.4%	100.0%

Other Major Categories

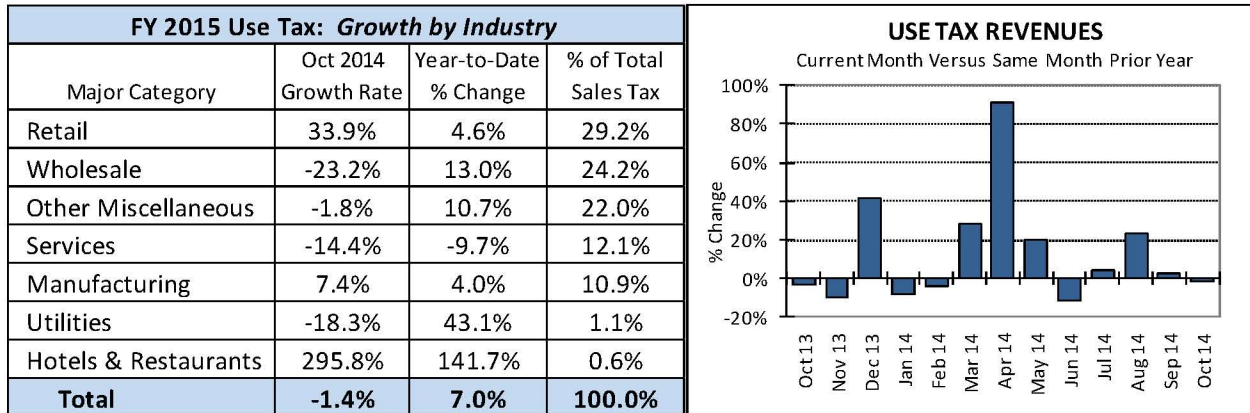
- Hotels & Restaurants increased 7.7% from last year.
 - Hotel revenues declined 6.0% with a majority of hotels reporting declines.
 - Eating & Drinking Establishments were up notably at 10.4%.
- Service sales grew 24.0% with strong growth in the Rentals & Leasing category.
- Wholesale experienced a modest increase of 1.8%.
- Utility sales increased 5.5% with gains in both electricity sales and natural gas sales.
- Manufacturing rose 5.2% with much of the growth coming from Nonmetallic Minerals. A business previously listed as Non-Classified was recently classified to Manufacturing.
- Other Miscellaneous dropped 27.1% due in large part to a couple of large Mining refunds as well as the proper classification, within the last year, of several businesses that were previously unclassified.

General Fund Use Tax

The October allocation of use tax to the General Fund totaled \$2,985,745, which is:

- \$314,620 or 9.5% below target for the month
- \$42,113 or 1.4% below FY 2014 collections for the month

Sluggish activity in most use tax categories were partially offset by robust activity in Retail. Year-to-date, use tax revenues are up 7.0% from last year as all but Services experiencing growth.



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


 James D. Couch
 City Manager

CITY OF OKLAHOMA CITY
SALES TAX COLLECTIONS
October 2014

	<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	\$18,787,241	\$3,522,608	\$3,522,608	\$1,174,203	\$9,393,620	-	-	-	-	\$36,400,279
Reallocations	\$42	\$8	\$8	\$3	(\$15,417)	\$12,365	\$2,406	\$33	\$553	-
Adjusted 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
Target	\$18,855,912	\$3,535,484	\$3,535,484	\$1,178,495	\$9,414,047	-	-	-	-	\$36,519,422
+/- Target	(\$68,629)	(\$12,868)	(\$12,868)	(\$4,290)	(\$35,843)	\$12,365	\$2,406	\$33	\$553	(\$119,143)
%+/- Target	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-	-	-	-	-0.3%
Prior Year Actual	\$18,331,628	\$3,437,180	\$3,437,180	\$1,145,727	\$9,152,291	\$5,364	\$7,032	\$90	\$804	\$35,517,297
+/- Prior Year	\$455,654	\$85,435	\$85,435	\$28,478	\$225,912	\$7,000	(\$4,626)	(\$57)	(\$251)	\$882,983
%+/- Prior Year	2.5%	2.5%	2.5%	2.5%	2.5%	130.5%	-65.8%	-63.5%	-31.2%	2.5%
Year-to-Date:										
Actual	\$73,423,148	\$13,766,840	\$13,766,840	\$4,588,947	\$36,711,574	-	-	-	-	\$142,257,349
Reallocations	\$2,679	\$502	\$502	\$167	(\$67,022)	\$44,894	\$10,698	\$2,131	\$5,447	-
Adjusted 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
Target	\$74,032,259	\$13,881,049	\$13,881,049	\$4,627,017	\$36,956,757	-	-	-	-	\$143,378,131
+/- Target	(\$606,432)	(\$113,706)	(\$113,706)	(\$37,903)	(\$312,205)	\$44,894	\$10,698	\$2,131	\$5,447	(\$1,120,782)
%+/- Target	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-	-	-	-	-0.8%
Prior Year Actual	\$71,457,323	\$13,398,248	\$13,398,248	\$4,466,083	\$35,671,365	\$23,140	\$28,040	\$872	\$3,692	\$138,447,010
+/- Prior Year	\$1,968,504	\$369,095	\$369,095	\$123,031	\$973,187	\$21,755	(\$17,342)	\$1,259	\$1,756	\$3,810,339
%+/- Prior Year	2.8%	2.8%	2.8%	2.8%	2.7%	94.0%	-61.8%	144.3%	47.6%	2.8%
						(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
October 2014

	<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	\$2,985,745	\$1,038,520	-	-	-	-	\$4,024,265
Reallocations	\$0	\$2	(\$43)	\$41	-	-	-
Adjusted Actual	\$2,985,745	\$1,038,522	(\$43)	\$41	-	-	\$4,024,265
Target	\$3,300,365	\$1,078,256	-	-	-	-	\$4,378,621
+/- Target	(\$314,620)	(\$39,734)	(\$43)	\$41	-	-	(\$354,356)
%+/- Target	-9.5%	-3.7%	-	-	-	-	-8.1%
Prior Year Actual	\$3,027,858	\$1,053,908	\$423	(\$1,696)	\$263	\$5	\$4,080,762
+/- Prior Year	(\$42,113)	(\$15,386)	(\$466)	\$1,737	(\$263)	(\$5)	(\$56,497)
%+/- Prior Year	-1.4%	-1.5%	-110.1%	-102.4%	-100.00%	-100.00%	-1.4%
Year-to-Date:							
Actual	\$12,479,985	\$4,340,864	-	-	-	-	\$16,820,849
Reallocations	(\$0)	(\$491)	\$27	\$465	(\$1)	-	-
Adjusted Actual	\$12,479,984	\$4,340,373	\$27	\$465	(\$1)	-	\$16,820,849
Target	\$12,719,548	\$4,479,372	-	-	-	-	\$17,198,920
+/- Target	(\$239,564)	(\$138,999)	\$27	\$465	(\$1)	-	(\$378,071)
%+/- Target	-1.9%	-3.1%	-	-	-	-	-2.2%
Prior Year Actual	\$11,669,310	\$4,058,441	\$1,921	(\$2,026)	\$264	\$27	\$15,727,936
+/- Prior Year	\$810,674	\$281,933	(\$1,894)	\$2,491	(\$264)	(\$27)	\$1,092,913
%+/- Prior Year	6.9%	6.9%	-98.6%	-122.9%	-100.2%	-100.0%	6.9%
			(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.