



# City Manager Report

## The City of OKLAHOMA CITY

**NO: 221**

**DATE: MARCH 5, 2013**

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

**SUBJECT: FEBRUARY 2013 SALES AND USE TAX COLLECTIONS**

Combined sales and use taxes for the General Fund are \$6,219,440 above target for the year.

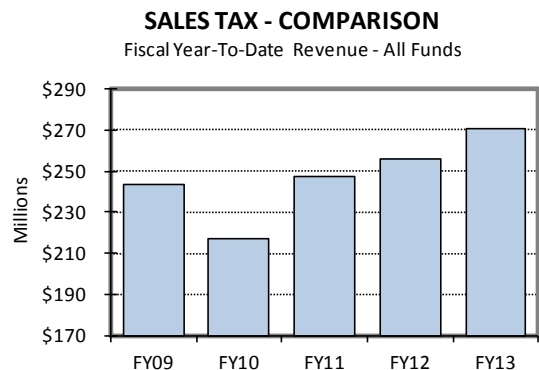
### General Fund Sales Tax

The February allocation of sales tax to the General Fund totaled \$17,936,092. This is \$503,845 or 2.7% below target and 0.2% above February 2012 collections. The February remittance includes actual collections for the second half of December and estimated collections for the first half of January by major taxpayers.

Sales tax has been strong for most of fiscal year 2013, however this month it appears to be leveling off. The uncertainty regarding the resolution of the fiscal cliff in Congress may have had an impact on the spending decisions of some businesses. Strong sales last year in Wholesale are responsible for most of this year's 18.2% decline. One remitter in Services caused much of the 10.1% gain this month. Weak utility sales of both electricity and natural gas this month caused the 9.3% decline in Transportation & Utilities. Retail sales grew by 3.3% despite a few major retailers remitting unusually low payments this month. These unusually low payments along with a couple others are being investigated in conjunction with the Oklahoma Tax Commission.

FY 2013 SALES TAX - MAJOR CATEGORY GROWTH RATES			
Category	Feb 13 % Change From Feb 12	Year-to-Date % Change	% of Total Sales Tax
Retail	3.3%	7.2%	61.7%
Transp. & Utilities	-9.3%	-4.9%	10.9%
Wholesale	-18.2%	2.9%	10.7%
Services	10.1%	4.3%	10.1%
Manufacturing	1.8%	23.3%	4.5%
Other Misc.	8.4%	13.8%	2.2%
<b>Overall % Change:</b>	<b>0.2%</b>	<b>6.9%</b>	<b>100.0%</b>

*Weak utility and wholesale sales dampened otherwise solid sales tax revenue growth.*



*Fiscal year-to-date sales tax performance for the last five fiscal years. This year has started off well.*

Sales tax revenues for Oklahoma City and surrounding cities had mixed results this month. It is likely the new Dick's Sporting Goods stores played a significant part in the strong sales growth in Midwest City and Moore. Sales tax revenues for the rest of the Metro were relatively flat compared to the same period in the previous year. Edmond and Tulsa have all increased their sales tax rates during the last year. The figures in the chart to the right reflect growth in the underlying tax base and not growth based on a higher tax rate.

CITY COMPARISON		
City	Feb 13 % Change	Year-to-date
	From Feb 12	% Change
Oklahoma City	0.2%	6.9%
Tulsa	-3.0%	1.3%
Norman	-0.2%	1.2%
Edmond	3.0%	15.4%
Midwest City	14.4%	3.7%
Moore	10.7%	12.2%
Yukon	3.0%	6.0%

\* Rates are normalized to account for tax rate changes

*Sales tax revenues started fiscal year 2013 strong but appear to be leveling off.*

Retail sales have been strong most of the year with fiscal year-to-date growth of 7.2%. This month's growth of 3.3% is better than it appears as last year's retail sales were up 12.9%. Additionally, there were a few major retailers this month with unusually low remittances that we are reviewing with the Oklahoma Tax Commission. Six of the eight retail categories show growth for the period. General Merchandise's sales (up 3.1%) were better than their year-to-date average with the majority of major retailers showing improved sales over last year. Eating & Drinking (up 9.9%) along with Food Stores (up 8.9%) exhibited the same strong growth this period as they have all year. A new sporting goods retailer made a significant impact this month and caused much of Miscellaneous Retail's 6.5% growth. Solid sales throughout the Building Materials' category contributed to a 7.5% growth. Low payments from a couple of major retailers this month generated almost all of Furniture & Home's 20.7% decline from last year. Most in Apparel & Accessories did well. A few major retailers had very strong sales this month contributing to the 12.9% growth. Sales were not good for auto parts and service stations as Auto Parts Supplies declined 7.4%.

RETAIL - MAJOR CATEGORY GROWTH RATES			
Category	Feb 13 % Change	Year-to-Date	% of Total
	From Feb 12	% Change	Retail
General Merchandise	3.1%	0.6%	20.2%
Eating & Drinking	9.9%	8.7%	19.7%
Miscellaneous Retail	6.5%	5.2%	15.5%
Building Materials	7.5%	22.0%	11.4%
Food Stores	8.9%	13.4%	10.9%
Furniture & Home	-20.7%	-1.1%	10.3%
Apparel & Accessory	12.9%	12.2%	7.4%
Auto Parts Supplies	-7.4%	5.4%	4.7%
<b>Overall % Change:</b>	<b>3.3%</b>	<b>7.2%</b>	<b>100.0%</b>

*Consumer confidence in Oklahoma City has been strong. This year's 3.3% growth is quite good considering last year's Retail growth was 12.9%.*

Transportation & Utilities decreased 9.3% from last year. Utility sales were down 17.6% from last year with reduced sales of electricity and natural gas. Telecom & Transportation increased 5.0% with normal sales activity.

Manufacturing experienced a 1.8% growth this month showing modest sales activity.

Wholesale was down 18.2% this month. Part of the decline is attributable to some above average payments that were received last year.

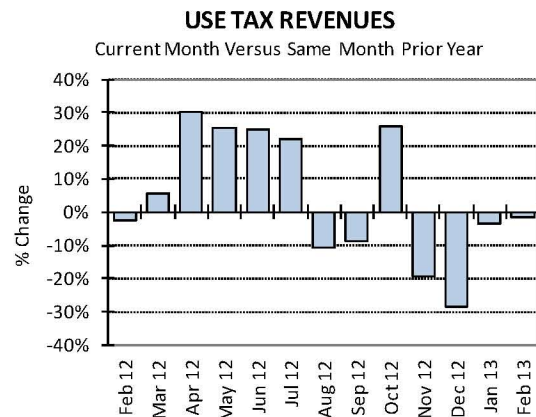
Services grew by 10.1% over last year. Hotels were up 0.9% with mostly flat sales. Business Services were down 4.7% as there were several major businesses that remitted below average payments this month. Other Services were up 25.4% with one occasional remitter submitting a very large payment this month that accounted for almost three-fourths of the growth.

General Fund Use Tax

The February allocation of use tax to the General Fund totaled \$3,249,601. This is \$248,192 or 8.3% above target and 1.4% below February 2012 collections.

Use tax collections were above target this month with declines in Mining and Construction being mostly offset by strong growth in Retail, Services, and Manufacturing.

FY 2013 USE TAX - MAJOR CATEGORY GROWTH RATES			
Category	Feb 13 % Change From Feb 12	Year-to-Date % Change	% of Total Use Tax
Retail	13.9%	-10.7%	28.6%
Wholesale	-9.5%	3.6%	26.8%
Mining	-47.9%	-26.4%	10.9%
Services	20.7%	1.5%	10.8%
Manufacturing	59.9%	46.3%	10.7%
Non-Classified	65.1%	15.7%	6.4%
Other Misc.	-77.0%	-48.7%	3.0%
Transp. & Utilities	-21.7%	-20.7%	2.8%
<b>Overall % Change:</b>	<b>-1.4%</b>	<b>-4.3%</b>	<b>100.0%</b>



*Use tax's growth over the last year or so have been heavily influenced by large payments from a mining company.*

*The drop recently in this chart is more due to comparisons against strong revenues last year than poor performance this year.*

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

  
 James D. Couch  
 City Manager

**CITY OF OKLAHOMA CITY**  
**SALES TAX COLLECTIONS**  
*February 2013*

	<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	\$17,935,771	\$3,362,957	\$3,362,957	\$1,120,986	\$8,967,885	-	-	-	-	\$34,750,556
Reallocations	\$321	\$60	\$60	\$20	(\$29,948)	\$18,894	\$8,584	\$726	\$1,281	-
Adjusted 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
Target	\$18,439,937	\$3,457,488	\$3,457,488	\$1,152,496	\$9,159,306	-	-	-	-	\$35,666,715
+/- Target	(\$503,845)	(\$94,471)	(\$94,471)	(\$31,490)	(\$221,368)	\$18,894	\$8,584	\$726	\$1,281	(\$916,159)
%+/- Target	-2.7%	-2.7%	-2.7%	-2.7%	-2.4%	-	-	-	-	-2.6%
Prior Year Actual	\$17,902,826	\$3,356,780	\$3,356,780	\$1,118,927	\$8,910,291	\$16,783	\$20,403	\$2,378	\$236	\$34,685,403
+/- Prior Year	\$33,266	\$6,237	\$6,237	\$2,079	\$27,646	\$2,111	(\$11,818)	(\$1,652)	\$1,045	\$65,153
%+/- Prior Year	0.2%	0.2%	0.2%	0.2%	0.3%	12.6%	-57.9%	-69.5%	443.1%	0.2%
<b>Year-to-Date:</b>										
Actual	\$141,136,870	\$26,463,163	\$26,463,163	\$8,821,054	\$70,568,435	-	-	-	-	\$273,452,686
Reallocations	\$4,158	\$780	\$780	\$260	(\$218,043)	\$118,530	\$71,071	\$7,259	\$15,206	-
Adjusted 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
Target	\$136,005,771	\$25,501,082	\$25,501,082	\$8,500,362	\$67,555,465	-	-	-	-	\$263,063,762
+/- Target	\$5,135,257	\$962,861	\$962,861	\$320,952	\$2,794,927	\$118,530	\$71,071	\$7,259	\$15,206	\$10,388,924
%+/- Target	3.8%	3.8%	3.8%	3.8%	4.1%	-	-	-	-	3.9%
Prior Year Actual	\$132,044,251	\$24,758,297	\$24,758,297	\$8,252,766	\$65,615,926	\$155,133	\$227,927	\$15,538	\$2,358	\$255,830,493
+/- Prior Year	\$9,096,777	\$1,705,646	\$1,705,646	\$568,549	\$4,734,466	(\$36,603)	(\$156,855)	(\$8,279)	\$12,847	\$17,622,193
%+/- Prior Year	6.9%	6.9%	6.9%	6.9%	7.2%	-23.6%	-68.8%	-53.3%	544.8%	6.9%
						(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**  
*February 2013*

	<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	\$3,249,662	\$1,130,317	-	-	-	-	\$4,379,980
Reallocations	(\$62)	\$1,135	(\$370)	(\$226)	(\$9)	(\$468)	-
Adjusted Actual	\$3,249,601	\$1,131,452	(\$370)	(\$226)	(\$9)	(\$468)	\$4,379,980
Target	\$3,001,409	\$1,043,968	-	-	-	-	\$4,045,377
+/- Target	\$248,192	\$87,484	(\$370)	(\$226)	(\$9)	(\$468)	\$334,603
%+/- Target	8.3%	8.4%	-	-	-	-	8.3%
Prior Year Actual	\$3,297,384	\$1,160,358	(\$8,231)	(\$5,211)	-	-	\$4,444,301
+/- Prior Year	(\$47,784)	(\$28,906)	\$7,860	\$4,985	(\$9)	(\$468)	(\$64,321)
%+/- Prior Year	-1.4%	-2.5%	-95.5%	-95.7%	-	-	-1.4%
<b>Year-to-Date:</b>							
Actual	\$24,548,403	\$8,538,575	-	-	-	-	\$33,086,977
Reallocations	\$831	(\$19,328)	\$3,484	\$12,768	\$1,162	\$1,083	-
Adjusted Actual	\$24,549,233	\$8,519,247	\$3,484	\$12,768	\$1,162	\$1,083	\$33,086,977
Target	\$23,465,050	\$8,161,756	-	-	-	-	\$31,626,806
+/- Target	\$1,084,183	\$357,491	\$3,484	\$12,768	\$1,162	\$1,083	\$1,460,171
%+/- Target	4.6%	4.4%	-	-	-	-	4.6%
Prior Year Actual	\$25,644,279	\$8,864,733	\$9,709	\$44,030	\$143	\$984	\$34,563,878
+/- Prior Year	(\$1,095,046)	(\$345,486)	(\$6,225)	(\$31,262)	\$1,018	\$99	(\$1,476,901)
%+/- Prior Year	-4.3%	-3.9%	-64.1%	-71.0%	711.4%	10.0%	-4.3%
			(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.