



City Manager Report

The City of
OKLAHOMA CITY

NO: 308

DATE: JULY 30, 2013

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: JULY 2013 SALES AND USE TAX COLLECTIONS

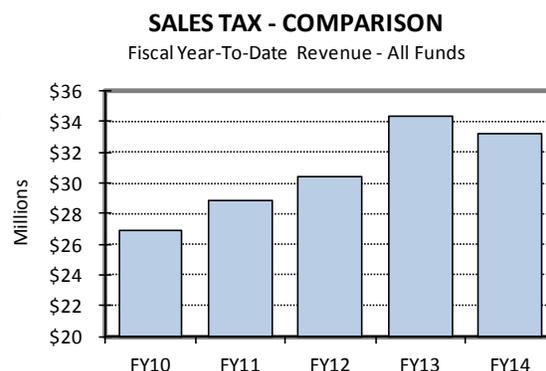
Combined sales and use taxes for the General Fund are \$1,749,947 below target.

General Fund Sales Tax

The July allocation of sales tax to the General Fund totaled \$17,124,744. This is \$1,268,265 or 6.9% below target and 3.4% below July 2012 collections. The July remittance includes actual collections for the second half of May and estimated collections for the first half of June by major taxpayers.

Sales tax revenue is down 3.4% compared to last year; however, much of the decline is due to comparison against last year's exceptional 12.7% growth. This month, modest growth in Retail and Services was offset by large declines in Wholesale and Manufacturing. Wholesale has struggled recently with seven consecutive months of year-over-year decreases. Manufacturing's decline this month is the result of numerous large payments received last year (mostly in oil and gas field machinery) which led to July 2012's 52.2% growth. The 1.4% decline in Transportation & Utilities is likely due to cooler average temperatures this year resulting in less demand for electricity. Other Miscellaneous' sales are down 7.9% from last year with much of the decline coming from reduced Mining activity.

FY 2014 SALES TAX - MAJOR CATEGORY GROWTH RATES		
Category	Jul 13 % Change	% of Total
	From Jul 12	Sales Tax
Retail	1.5%	63.4%
Services	0.7%	11.1%
Transp. & Utilities	-1.4%	10.6%
Wholesale	-20.8%	9.5%
Manufacturing	-31.6%	3.6%
Other Misc.	-7.9%	1.7%
Overall % Change:	-3.4%	100.0%



July sales are down, but most of the decline is due to comparison against last July's robust 12.7% growth.

Fiscal year-to-date sales tax performance for the last five fiscal years.

Oklahoma City was not the only city with sales tax revenues below expectations. Much of the rest of the metro and Tulsa experienced either minimal sales tax growth or declines. The figures in the table to the right reflect growth in the underlying tax base and not growth based on a rate increase.

CITY COMPARISON		
City	Jul 13 % Change	Year-to-date
	From Jul 12	% Change
Oklahoma City	-3.4%	-3.4%
Tulsa	-1.5%	-1.5%
Norman	3.3%	3.3%
Edmond	-0.6%	-0.6%
Midwest City	0.9%	0.9%
Moore	-11.4%	-11.4%
Yukon	0.7%	0.7%

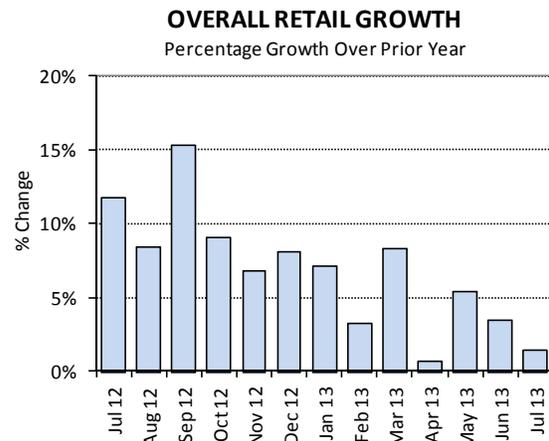
* Rates are normalized to account for tax rate changes

Oklahoma City's growth this month is below that of most neighboring cities and the state.

Retail sales were up 1.5% over last year. Retail sales last year were strong (up 11.7%) with five of the eight retail subcategories experiencing double-digit growth rates. Building Materials sales were up 20.8% over last year. It is likely that some of the sales are related to the late May tornados. Eating & Drinking and Food Stores sales were up 6.8% and 6.7% respectively. Both categories tend to follow one another and they both have grown steadily for several years. The remaining categories experienced double-digit growth last year causing their performance this year to appear less than it really was. Furniture & Home's sales increased 1.9% over last year, which is impressive considering last year's sales were up 19.0%. The same situation applies to Auto Parts Supplies whose 0.8% growth is better than it appears considering last year the category grew 17.1%. Last year Apparel & Accessories had an outstanding month with growth of 34.1%. While sales were still relatively good this year, they could not compete with that level of performance. General Merchandise sales were down 6.7% this month as the majority of retailers experienced declines from last year. Miscellaneous Retail's sales dropped 7.3% from last year. Last year's sales were up 21.3% mostly due to large payments from two retailers. This year's decline in Miscellaneous Retail sales is a combination of the strong payments last year and reduced sales overall.

RETAIL - MAJOR CATEGORY GROWTH RATES		
Category	Jul 13 % Change	% of Total
	From Jul 12	Retail
Eating & Drinking	6.8%	20.8%
General Merchandise	-6.7%	19.2%
Miscellaneous Retail	-7.3%	14.5%
Building Materials	20.8%	12.6%
Food Stores	6.7%	11.0%
Furniture & Home	1.9%	10.5%
Apparel & Accessory	-6.2%	6.7%
Auto Parts Supplies	0.8%	4.7%
Overall % Change:	1.5%	100.0%

Building Materials, Eating & Drinking, and Food Stores had exceptional growth for the period.



Retail growth over the last 13 months has been strong. Growth rates have declined in recent months.

Transportation & Utilities decreased 1.4% from last year. Utility sales were down 3.6% from last year likely due to cooler weather causing decreased demand for electricity. Telecom & Transportation increased 2.0% with typical sales activity.

While Manufacturing declined 31.6% this year, it was up 52.2% last year. Several manufacturers (mostly related to oil and gas field machinery) remitted large payments last year.

Wholesale declined 20.8% from last year. It has been a tough calendar year for Wholesale as sales have declined each month since January.

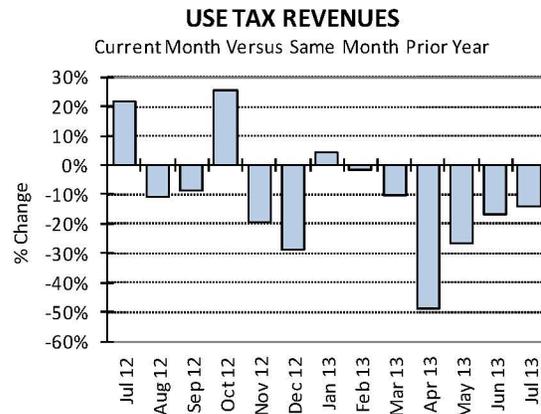
Services increased by 0.7% over last year. Hotels grew 4.8% with most hotels showing growth over last year. Business Services were up 7.1% and Other Services were down 5.9%.

General Fund Use Tax

The July allocation of use tax to the General Fund totaled \$2,721,268. This is \$481,682 or 15.0% below target and 14.3% below July 2012 collections.

Last year's use tax revenues benefited from a very large Mining remittance. That remittance accounted for over 25% of the total remitted use tax last July. Factoring out the one mining company would result in use tax revenues increasing year-over-year.

FY 2013 USE TAX - MAJOR CATEGORY GROWTH RATES		
Category	Jul 13 % Change From Jul 12	% of Total Use Tax
Retail	23.1%	31.0%
Wholesale	-20.0%	23.9%
Mining	-60.3%	11.6%
Manufacturing	56.9%	11.3%
Services	-26.1%	9.9%
Transp. & Utilities	64.2%	4.9%
Non-Classified	-8.0%	4.7%
Other Misc.	-28.6%	2.6%
Overall % Change:	-14.3%	100.0%



Large payments in Wholesale and Mining last year are responsible for much of this year's decline.

The decreasing revenue trend in this chart is due more 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
July 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>
Current Month:										
Actual	\$17,124,585	\$3,210,860	\$3,210,860	\$1,070,287	\$8,562,293	-	-	-	-	\$33,178,884
Reallocations	\$159	\$30	\$30	\$10	(\$12,842)	\$2,657	\$8,975	\$26	\$956	-
Adjusted Actual	\$17,124,744	\$3,210,890	\$3,210,890	\$1,070,297	\$8,549,450	\$2,657	\$8,975	\$26	\$956	\$33,178,884
Target	\$18,393,009	\$3,448,689	\$3,448,689	\$1,149,563	\$9,180,767	-	-	-	-	\$35,620,717
+/- Target	(\$1,268,265)	(\$237,799)	(\$237,799)	(\$79,266)	(\$631,317)	\$2,657	\$8,975	\$26	\$956	(\$2,441,833)
%+/- Target	-6.9%	-6.9%	-6.9%	-6.9%	-6.9%	-	-	-	-	-6.9%
Prior Year Actual	\$17,722,064	\$3,322,887	\$3,322,887	\$1,107,629	\$8,845,521	\$5,691	\$7,937	\$1,113	\$235	\$34,335,964
+/- Prior Year	(\$597,319)	(\$111,997)	(\$111,997)	(\$37,332)	(\$296,071)	(\$3,034)	\$1,038	(\$1,087)	\$721	(\$1,157,080)
%+/- Prior Year	-3.4%	-3.4%	-3.4%	-3.4%	-3.3%	-53.3%	13.1%	-97.7%	307.1%	-3.4%
Year-to-Date:										
Actual	\$17,124,585	\$3,210,860	\$3,210,860	\$1,070,287	\$8,562,293	-	-	-	-	\$33,178,884
Reallocations	\$159	\$30	\$30	\$10	(\$12,842)	\$2,657	\$8,975	\$26	\$956	-
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%+/- Prior Year	-3.4%	-3.4%	-3.4%	-3.4%	-3.3%	-53.3%	13.1%	-97.7%	307.1%	-3.4%
						(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
July 2013

	<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	\$2,721,268	\$946,528	-	-	-	-	\$3,667,796
Reallocations	-	\$2,704	(\$1,338)	(\$1,368)	\$0	\$2	-
Adjusted Actual	\$2,721,268	\$949,232	(\$1,338)	(\$1,368)	\$0	\$2	\$3,667,796
Target	\$3,202,950	\$1,122,030	-	-	-	-	\$4,324,980
+/- Target	(\$481,682)	(\$172,798)	(\$1,338)	(\$1,368)	\$0	\$2	(\$657,184)
%+/- Target	-15.0%	-15.4%	-	-	-	-	-15.2%
Prior Year Actual	\$3,176,697	\$1,111,527	(\$6,110)	(\$503)	\$24	-	\$4,281,635
+/- Prior Year	(\$455,429)	(\$162,295)	\$4,772	(\$864)	(\$24)	\$2	(\$613,839)
%+/- Prior Year	-14.3%	-14.6%	-78.1%	171.8%	-99.54%	-	-14.3%
Year-to-Date:							
Actual	\$2,721,268	\$946,528	-	-	-	-	\$3,667,796
Reallocations	-	\$2,704	(\$1,338)	(\$1,368)	\$0	\$2	-
Adjusted Actual	\$2,721,268	\$949,232	(\$1,338)	(\$1,368)	\$0	\$2	\$3,667,796
Target	\$3,202,950	\$1,122,030	-	-	-	-	\$4,324,980
+/- Target	(\$481,682)	(\$172,798)	(\$1,338)	(\$1,368)	\$0	\$2	(\$657,184)
%+/- Target	-15.0%	-15.4%	-	-	-	-	-15.2%
Prior Year Actual	\$3,176,697	\$1,111,527	(\$6,110)	(\$503)	\$24	-	\$4,281,635
+/- Prior Year	(\$455,429)	(\$162,295)	\$4,772	(\$864)	(\$24)	\$2	(\$613,839)
%+/- Prior Year	-14.3%	-14.6%	-78.1%	171.8%	-99.5%	#VALUE!	-14.3%
			(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.