



City Manager Report

The City of
OKLAHOMA CITY

NO: 277

DATE: MAY 28, 2013

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: MAY 2013 SALES AND USE TAX COLLECTIONS

Combined sales and use taxes for the General Fund are \$2,237,155 above target for the year.

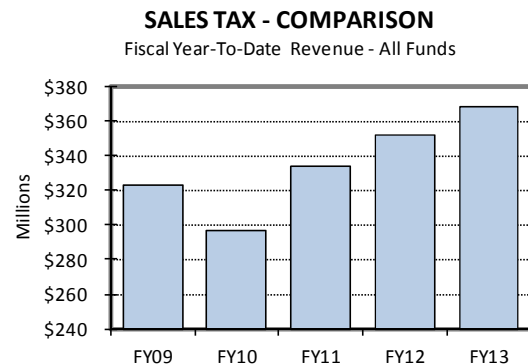
General Fund Sales Tax

The May allocation of sales tax to the General Fund totaled \$16,802,439. This is \$1,126,019 or 6.3% below target and 3.5% below May 2012 collections. The May remittance includes actual collections for the second half of March and estimated collections for the first half of April by major taxpayers.

Sales tax revenues are down 3.5% compared to last year; however, last year's collections were up 10.3% from May 2011. This month there was a very large telecommunications related refund that was partially offset by multiple City generated audit recoveries. Netting these items out, sales tax revenues would have been down 0.5% from last year. Retail, Transportation & Utilities, Services, and Manufacturing all improved over last year. Retail's growth this month was hindered by cooler temperatures as home and garden items and apparel sales were notably down. Manufacturing's growth has been robust for most of the year. Wholesale, after starting out the year fairly well, has experienced five consecutive months of sales below those of last year. Other Miscellaneous is where the large telecommunication refund resides and is responsible for that segment's significant decline from last year.

| FY 2013 SALES TAX - MAJOR CATEGORY GROWTH RATES | | | |
|---|--------------------------------|--------------------------|-------------------------|
| Category | May 13 % Change From May 12 | Year-to-Date % Change | % of Total Sales Tax |
| Retail | 5.4% | 7.5% | 62.5% |
| Transp. & Utilities | 2.7% | -1.5% | 11.2% |
| Services | 1.3% | 6.4% | 10.4% |
| Wholesale | -18.1% | -2.7% | 10.2% |
| Manufacturing | 18.0% | 10.9% | 4.3% |
| Other Misc. | -295.9% | -25.1% | 1.4% |
| Overall % Change: | -3.5% | 4.7% | 100.0% |

Sales for April are down, but the decline is partly due to a large telecommunication refund this month.



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

Sales tax revenues for Oklahoma City and many others in the State were down this month. The large refund given to a major telecommunications company affected most cities in the state. The figures in the table to the right reflect growth in the underlying tax base and not growth based on a higher tax rate.

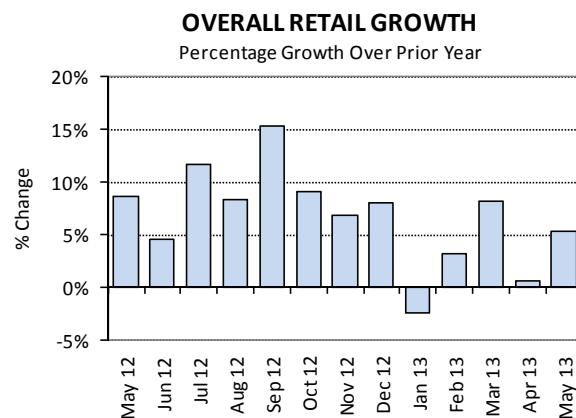
| CITY COMPARISON | | |
|-----------------|-----------------|--------------|
| City | May 13 % Change | Year-to-date |
| | From May 12 | % Change |
| Oklahoma City | -3.5% | 4.7% |
| Tulsa | 1.2% | 1.2% |
| Norman | -3.0% | 1.4% |
| Edmond | 7.8% | 12.8% |
| Midwest City | -4.8% | 2.1% |
| Moore | -10.4% | 9.8% |
| Yukon | -6.3% | 3.9% |

* Rates are normalized to account for tax rate changes

The large telecommunications refund affected most municipalities in Oklahoma. The declines by most cities likely reflect that.

Retail sales were good this month despite cooler temperatures dampening the sales of lawn and garden items and summer clothing. Retail sales were up 5.4% over last year with most retail sectors showing solid gains. General Merchandise sales were down 0.2% despite most retailers experiencing sales above last years. The closure of a large general merchandise store recently was much of the reason for the decline over last year. Eating & Drinking sales were up 6.6% this month. Growth in this category has been in excess of 5% for 11 of the last 12 months. While most in Miscellaneous Retail improved over last year (up 10.6%), a few large payments this month contributed to about two-thirds of the growth. Building Materials declined 9.5% and Apparel & Accessories declined by 5.0% from last year. Most of the decline for both categories is likely the result of cooler temperatures delaying the sales of lawn and garden items and summer apparel. Food Store’s growth of 6.1% is very good considering last year’s sales were up 15.6% from the year prior. Furniture & Home sales grew by 28.4% this month. A major retailer failed to remit their December payment to Oklahoma City. We received that payment this month and all of the category’s growth is due to that payment. Netting out that payment, sales for Furniture & Home would be down slightly. Auto Part Supplies were up 9.1% with the majority of the growth coming from a major auto parts supplier whose sales were very strong this month.

| RETAIL - MAJOR CATEGORY GROWTH RATES | | | |
|--------------------------------------|-----------------|--------------|-------------------|
| Category | May 13 % Change | Year-to-Date | % of Total Retail |
| | From May 12 | % Change | |
| General Merchandise | -0.2% | 3.7% | 20.5% |
| Eating & Drinking | 6.6% | 8.5% | 20.0% |
| Miscellaneous Retail | 10.6% | 7.4% | 15.6% |
| Building Materials | -9.5% | 14.8% | 10.7% |
| Food Stores | 6.1% | 10.9% | 10.7% |
| Furniture & Home | 28.4% | 2.2% | 10.5% |
| Apparel & Accessory | -5.0% | 10.5% | 7.4% |
| Auto Parts Supplies | 9.1% | 5.2% | 4.7% |
| Overall % Change: | 5.4% | 7.5% | 100.0% |



Growth was good for Retail; however, the cooler temperatures this year delayed summer apparel shopping and dampened sales of lawn and garden items.

Retail growth over the last 13 months has been quite good.

Transportation & Utilities increased 2.7% from last year. Utility sales were up 9.0% from last year with robust sales of natural gas likely due to the cooler weather. Telecom & Transportation decreased 5.3% due mostly to a couple of large payments last year.

Manufacturing experienced a gain of 18.0% mostly due to the remittance of a very large payment by one manufacturer.

Several large payments last year and a couple of large refunds this year contributed to Wholesale's 18.1% decline.

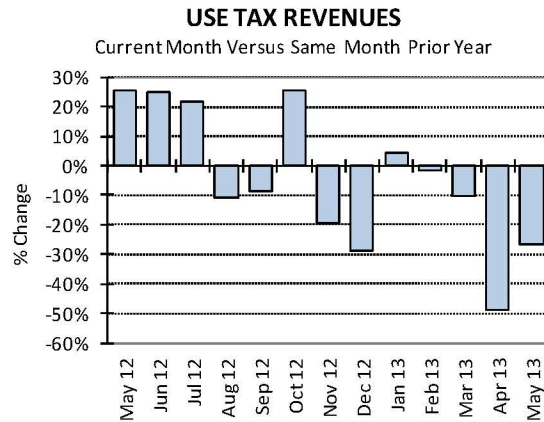
Services grew by 1.3% over last year. Hotels grew 4.9% with good overall performance. Business Services were down 2.9% due to a couple of major businesses having strong sales last year. Other Services were up 2.9% with most businesses exceeding last year's sales.

General Fund Use Tax

The May allocation of use tax to the General Fund totaled \$2,821,230. This is \$678,191 or 19.4% below target and 26.6% below May 2012 collections.

Use tax revenues were down in most categories. Last year's revenues were very strong. Weak revenues in Retail coupled with large revenues last year in Mining caused much of this month's decline.

| FY 2013 USE TAX - MAJOR CATEGORY GROWTH RATES | | | |
|---|-----------------------------|-----------------------|--------------------|
| Category | May 13 % Change From May 12 | Year-to-Date % Change | % of Total Use Tax |
| Retail | -37.3% | -10.0% | 31.1% |
| Wholesale | -9.3% | 0.3% | 28.1% |
| Services | -24.1% | -5.3% | 11.1% |
| Manufacturing | 19.5% | 40.4% | 10.3% |
| Mining | -65.8% | -39.9% | 10.2% |
| Non-Classified | 87.3% | -42.5% | 3.4% |
| Other Misc. | -33.2% | -41.7% | 3.1% |
| Transp. & Utilities | -23.8% | -20.0% | 2.8% |
| Overall % Change: | -26.6% | -11.0% | 100.0% |



Weak sales in Retail and a large payment last year in Mining caused much of this month'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
May 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 | \$16,801,427 | \$3,150,268 | \$3,150,268 | \$1,050,089 | \$8,400,714 | - | - | - | - | \$32,552,765 |
| Reallocations | \$1,011 | \$190 | \$190 | \$63 | (\$18,156) | \$3,106 | \$11,511 | \$54 | \$2,031 | - |
| Adjusted Actual | \$16,802,439 | \$3,150,457 | \$3,150,457 | \$1,050,152 | \$8,382,558 | \$3,106 | \$11,511 | \$54 | \$2,031 | \$32,552,765 |
| Target | \$17,928,458 | \$3,361,586 | \$3,361,586 | \$1,120,529 | \$8,905,249 | - | - | - | - | \$34,677,408 |
| +/- Target | (\$1,126,019) | (\$211,129) | (\$211,129) | (\$70,377) | (\$522,691) | \$3,106 | \$11,511 | \$54 | \$2,031 | (\$2,124,643) |
| %+/- Target | -6.3% | -6.3% | -6.3% | -6.3% | -5.9% | - | - | - | - | -6.1% |
| Prior Year Actual | \$17,406,245 | \$3,263,671 | \$3,263,671 | \$1,087,890 | \$8,660,504 | \$25,066 | \$17,319 | (\$290) | \$442 | \$33,724,518 |
| +/- Prior Year | (\$603,806) | (\$113,214) | (\$113,214) | (\$37,738) | (\$277,947) | (\$21,961) | (\$5,808) | \$345 | \$1,589 | (\$1,171,753) |
| %+/- Prior Year | -3.5% | -3.5% | -3.5% | -3.5% | -3.2% | -87.6% | -33.5% | -118.7% | 359.7% | -3.5% |
| Year-to-Date: | | | | | | | | | | |
| Actual | \$190,328,312 | \$35,686,559 | \$35,686,559 | \$11,895,520 | \$95,164,156 | - | - | - | - | \$368,761,104 |
| Reallocations | \$6,255 | \$1,174 | \$1,174 | \$391 | (\$241,440) | \$113,399 | \$92,358 | \$8,472 | \$18,217 | - |
| Adjusted Actual | \$190,334,567 | \$35,687,732 | \$35,687,732 | \$11,895,911 | \$94,922,716 | \$113,399 | \$92,358 | \$8,472 | \$18,217 | \$368,761,104 |
| Target | \$187,274,311 | \$35,113,933 | \$35,113,933 | \$11,704,646 | \$93,021,075 | - | - | - | - | \$362,227,898 |
| +/- Target | \$3,060,256 | \$573,799 | \$573,799 | \$191,265 | \$1,901,641 | \$113,399 | \$92,358 | \$8,472 | \$18,217 | \$6,533,207 |
| %+/- Target | 1.6% | 1.6% | 1.6% | 1.6% | 2.0% | - | - | - | - | 1.8% |
| Prior Year Actual | \$181,819,462 | \$34,091,149 | \$34,091,149 | \$11,363,716 | \$90,447,723 | \$228,270 | \$207,265 | \$15,686 | \$4,965 | \$352,269,384 |
| +/- Prior Year | \$8,515,105 | \$1,596,583 | \$1,596,583 | \$532,194 | \$4,474,993 | (\$114,870) | (\$114,907) | (\$7,213) | \$13,253 | \$16,491,720 |
| %+/- Prior Year | 4.7% | 4.7% | 4.7% | 4.7% | 4.9% | -50.3% | -55.4% | -46.0% | 266.9% | 4.7% |
| | | | | | | (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
May 2013

| | <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 | \$2,821,229 | \$981,297 | - | - | - | - | \$3,802,526 |
| Reallocations | \$1 | (\$411) | \$485 | (\$78) | \$3 | \$1 | - |
| Adjusted Actual | \$2,821,230 | \$980,886 | \$485 | (\$78) | \$3 | \$1 | \$3,802,526 |
| Target | \$3,499,421 | \$1,217,190 | - | - | - | - | \$4,716,611 |
| +/- Target | (\$678,191) | (\$236,304) | \$485 | (\$78) | \$3 | \$1 | (\$914,085) |
| %+/- Target | -19.4% | -19.4% | - | - | - | - | -19.4% |
| Prior Year Actual | \$3,844,507 | \$1,334,778 | (\$3,990) | \$6,425 | \$5 | - | \$5,181,724 |
| +/- Prior Year | (\$1,023,276) | (\$353,892) | \$4,475 | (\$6,503) | (\$2) | \$1 | (\$1,379,198) |
| %+/- Prior Year | -26.6% | -26.5% | -112.1% | -101.2% | -36.38% | - | -26.6% |
| Year-to-Date: | | | | | | | |
| Actual | \$31,382,094 | \$10,915,511 | - | - | - | - | \$42,297,605 |
| Reallocations | \$833 | (\$13,736) | \$3,157 | \$7,367 | \$1,141 | \$1,237 | - |
| Adjusted Actual | \$31,382,927 | \$10,901,775 | \$3,157 | \$7,367 | \$1,141 | \$1,237 | \$42,297,605 |
| Target | \$32,206,028 | \$11,202,096 | - | - | - | - | \$43,408,124 |
| +/- Target | (\$823,101) | (\$300,321) | \$3,157 | \$7,367 | \$1,141 | \$1,237 | (\$1,110,519) |
| %+/- Target | -2.6% | -2.7% | - | - | - | - | -2.6% |
| Prior Year Actual | \$35,247,225 | \$12,247,035 | (\$15,626) | \$26,408 | \$109 | \$984 | \$47,506,135 |
| +/- Prior Year | (\$3,864,299) | (\$1,345,260) | \$18,783 | (\$19,041) | \$1,033 | \$253 | (\$5,208,530) |
| %+/- Prior Year | -11.0% | -11.0% | -120.2% | -72.1% | 951.5% | 25.7% | -11.0% |
| | | | (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.