



City Manager Report

The City of
OKLAHOMA CITY

NO: 364

DATE: NOVEMBER 5, 2013

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: OCTOBER 2013 SALES AND USE TAX COLLECTIONS

Combined sales and use taxes for the General Fund are \$3,546,834 below target for the year.

General Fund Sales Tax

The October allocation of sales tax to the General Fund totaled \$18,331,628. This is \$293,999 or 1.6% below target and 2.1% above October 2012 collections. The October remittance includes actual collections for the second half of August and estimated collections for the first half of September by major taxpayers.

This month's sales tax revenues are up 2.1% over last year. Retail continues to be the bright star in Oklahoma City's economy. While some of the recent retail growth is due to the tornado damage caused earlier in the year, consumers appear to remain confident in Oklahoma City's economy and are continuing to spend money. The strong gains in Retail this month helped to mitigate the declines experienced in Transportation & Utilities, Services, and Wholesale. The decline in Transportation & Utilities this month was unexpected. A lower than anticipated estimated payment was the main cause for the decline. The decline in Services was partly due to a large refund in Business Services this month. Wholesale collections continue to be down, a trend that has persisted for most of the year.

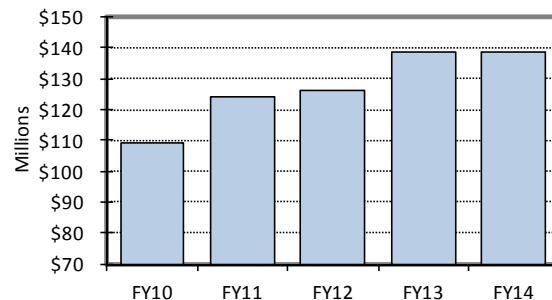
FY 2014 SALES TAX - MAJOR CATEGORY GROWTH RATES

Category	Oct 13 % Change From Oct 12	Year-to-Date % Change	% of Total Sales Tax
Retail	7.2%	5.3%	62.4%
Transp. & Utilities	-11.4%	-6.3%	11.3%
Services	-2.5%	1.7%	10.7%
Wholesale	-0.8%	-9.4%	9.9%
Manufacturing	1.9%	-13.5%	4.1%
Other Misc.	-6.8%	-38.6%	1.5%
Overall % Change:	2.1%	-0.1%	100.0%

October's sales were up over last year due to strong retail sales. Most of the other categories did not fare as well.

SALES TAX - COMPARISON

Fiscal Year-To-Date Revenue - All Funds



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

Most of the metro, Tulsa, and the State (up 2.2%) experienced sales growth over last year. Edmond was the only city in the adjacent table to experience a decline, but that is likely the result of being compared against last year's 15.4% growth for October.

Retail accounts for about two-thirds of all sales tax revenues. This month, Retail grew 7.2% over last year's strong 9.1% growth. The excellent Retail growth offset declines in most of the other major sales tax categories, which was a major factor in total sales tax collections exceeding those of last year. Much of Retail's growth is from two subcategories, Building Materials and Furniture & Home. Building Materials is up 10.3% compared to last year with increased sales stemming from continued repairs of tornado damage. This month's growth is even more significant when you consider last year's sales were up 33.8%. Furniture & Home sales were up 22.7% this month. Much of the growth came from businesses who primarily sell to other businesses. General Merchandise was up 3.3% with seven of the top ten retailers (90% of total category sales) experiencing sales tax growth. Apparel & Accessories were up 4.7% with most retailers reporting improved sales over last year. Miscellaneous Retail grew 5.9% largely due to strong growth from one retailer and the addition of a new retailer in the category. Eating & Drinking grew 6.2% over last year. This type of performance has been the norm for this category for a number of years. Food Stores are up 7.9% with 19 of the top 20 businesses reporting sales increases over last year.

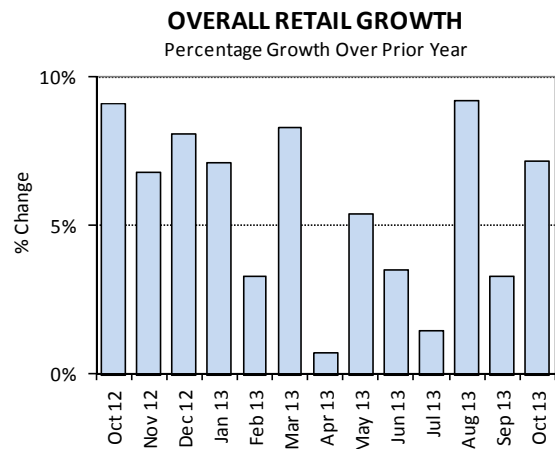
CITY COMPARISON		
City	Oct 13 % Change	Year-to-date
	From Oct 12	% Change
Oklahoma City	2.1%	-0.1%
Tulsa	3.9%	1.3%
Norman	3.6%	5.0%
Edmond	-1.2%	-1.2%
Midwest City	6.3%	4.0%
Moore	8.9%	6.5%
Yukon	4.8%	5.7%

* Rates are normalized to account for tax rate changes

Most of the cities in the table performed well this month. Oklahoma City's growth for the month and year-to-date still falls short of most of the comparison cities.

RETAIL - MAJOR CATEGORY GROWTH RATES			
Category	Oct 13 % Change	Year-to-Date	% of Total Retail
	From Oct 12	% Change	
Eating & Drinking	6.2%	5.1%	20.3%
General Merchandise	3.3%	0.6%	18.9%
Miscellaneous Retail	5.9%	1.1%	14.4%
Building Materials	10.3%	16.1%	13.4%
Food Stores	7.9%	2.3%	11.0%
Furniture & Home	22.7%	18.1%	10.5%
Apparel & Accessory	4.7%	-0.6%	6.6%
Auto Parts Supplies	-4.4%	2.0%	4.9%
Overall % Change:	7.2%	5.3%	100.0%

Most Retail categories performed well this month. Building Materials and Furniture & Home have been leading the way so far this year.



Retail growth over the last 13 months has been strong. Eight of the last thirteen months growth has been in excess of 5%.

Transportation & Utilities decreased 11.4% from last year. Utility sales were down 16.1% on lower electricity sales. Telecom & Transportation decreased 1.1%.

Manufacturing experienced modest growth of 1.9%, which is welcome given the declines the category has experienced in previous months.

Wholesale declined 0.8% this month. Sales have been down nine of the last twelve months.

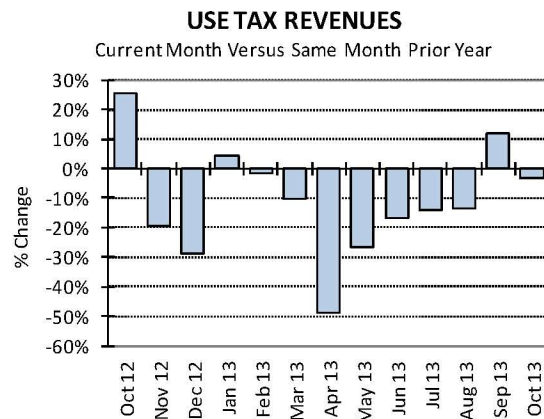
Services decreased by 2.5% from last year. Hotels grew by 2.5%. While most hotels improved over last year, their growth margins were relatively small. Business Services declined 22.9% due to reduced overall sales this year and a large prior period refund taken during the period. Other Services increased 11.1% as most businesses reported improved sales over last year.

General Fund Use Tax

The October allocation of use tax to the General Fund totaled \$3,027,858. This is \$134,446 or 4.3% below target and 3.5% below October 2012 collections.

This year's decline of 3.5% is largely the result of comparison against use tax growth of 25.7% for last October.

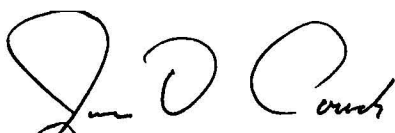
FY 2013 USE TAX - MAJOR CATEGORY GROWTH RATES			
Category	Oct 13 % Change	Year-to-Date % of Total	
	From Oct 12	% Change	Use Tax
Retail	-14.2%	17.5%	33.3%
Wholesale	13.8%	-9.3%	26.6%
Mining	23.4%	-29.1%	11.5%
Services	-15.0%	-4.8%	10.9%
Manufacturing	-13.8%	6.9%	9.8%
Transp. & Utilities	28.3%	36.6%	3.9%
Other Misc.	-26.6%	-17.6%	2.7%
Non-Classified	-56.2%	-74.8%	1.3%
Overall % Change:	-3.5%	-5.4%	100.0%



This month's use tax revenues were down 3.5% from last year's strong 25.7% growth.

Use tax revenues have been in decline for most of the year.

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


 James D. Couch
 City Manager

CITY OF OKLAHOMA CITY
SALES TAX COLLECTIONS
October 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	\$18,331,508	\$3,437,158	\$3,437,158	\$1,145,719	\$9,165,754	-	-	-	-	\$35,517,297
Reallocations	\$120	\$23	\$23	\$8	(\$13,463)	\$5,364	\$7,032	\$90	\$804	-
Adjusted 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
Target	\$18,625,627	\$3,492,305	\$3,492,305	\$1,164,102	\$9,283,532	-	-	-	-	\$36,057,871
+/- Target	(\$293,999)	(\$55,125)	(\$55,125)	(\$18,375)	(\$131,241)	\$5,364	\$7,032	\$90	\$804	(\$540,574)
%+/- Target	-1.6%	-1.6%	-1.6%	-1.6%	-1.4%	-	-	-	-	-1.5%
Prior Year Actual	\$17,946,196	\$3,364,912	\$3,364,912	\$1,121,637	\$8,944,535	\$10,729	\$15,292	\$919	\$1,049	\$34,770,181
+/- Prior Year	\$385,432	\$72,268	\$72,268	\$24,090	\$207,757	(\$5,365)	(\$8,260)	(\$829)	(\$246)	\$747,115
%+/- Prior Year	2.1%	2.1%	2.1%	2.1%	2.3%	-50.0%	-54.0%	-90.2%	-23.4%	2.1%
Year-to-Date:										
Actual	\$71,456,319	\$13,398,060	\$13,398,060	\$4,466,020	\$35,728,160	-	-	-	-	\$138,446,618
Reallocations	\$801	\$150	\$150	\$50	(\$56,896)	\$23,140	\$28,040	\$872	\$3,692	-
Adjusted Actual	\$71,457,121	\$13,398,210	\$13,398,210	\$4,466,070	\$35,671,264	\$23,140	\$28,040	\$872	\$3,692	\$138,446,618
Target	\$74,235,632	\$13,919,181	\$13,919,181	\$4,639,727	\$36,937,083	-	-	-	-	\$143,650,804
+/- Target	(\$2,778,511)	(\$520,971)	(\$520,971)	(\$173,657)	(\$1,265,819)	\$23,140	\$28,040	\$872	\$3,692	(\$5,204,186)
%+/- Target	-3.7%	-3.7%	-3.7%	-3.7%	-3.4%	-	-	-	-	-3.6%
Prior Year Actual	\$71,527,646	\$13,411,434	\$13,411,434	\$4,470,478	\$35,588,287	\$66,488	\$95,773	\$1,629	\$9,385	\$138,582,553
+/- Prior Year	(\$70,525)	(\$13,223)	(\$13,223)	(\$4,408)	\$82,977	(\$43,348)	(\$67,733)	(\$757)	(\$5,694)	(\$135,934)
%+/- Prior Year	-0.1%	-0.1%	-0.1%	-0.1%	0.2%	-65.2%	-70.7%	-46.5%	-60.7%	-0.1%
						(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 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	\$3,027,662	\$1,053,100	-	-	-	-	\$4,080,762
Reallocations	\$196	\$808	\$423	(\$1,696)	\$263	\$5	-
Adjusted Actual	\$3,027,858	\$1,053,908	\$423	(\$1,696)	\$263	\$5	\$4,080,762
Target	\$3,162,304	\$1,085,928	-	-	-	-	\$4,248,232
+/- Target	(\$134,446)	(\$32,020)	\$423	(\$1,696)	\$263	\$5	(\$167,470)
%+/- Target	-4.3%	-2.9%	-	-	-	-	-3.9%
Prior Year Actual	\$3,136,385	\$1,075,763	\$10,578	\$2,685	\$708	\$501	\$4,226,620
+/- Prior Year	(\$108,527)	(\$21,855)	(\$10,155)	(\$4,382)	(\$445)	(\$496)	(\$145,858)
%+/- Prior Year	-3.5%	-2.0%	-96.0%	-163.2%	-62.82%	-98.91%	-3.5%
Year-to-Date:							
Actual	\$11,669,114	\$4,058,822	-	-	-	-	\$15,727,936
Reallocations	\$196	(\$381)	\$1,921	(\$2,026)	\$264	\$27	-
Adjusted Actual	\$11,669,310	\$4,058,441	\$1,921	(\$2,026)	\$264	\$27	\$15,727,936
Target	\$12,437,633	\$4,329,642	-	-	-	-	\$16,767,275
+/- Target	(\$768,323)	(\$271,201)	\$1,921	(\$2,026)	\$264	\$27	(\$1,039,339)
%+/- Target	-6.2%	-6.3%	-	-	-	-	-6.2%
Prior Year Actual	\$12,335,688	\$4,289,114	\$1,898	(\$2,305)	\$756	\$519	\$16,625,671
+/- Prior Year	(\$666,378)	(\$230,673)	\$23	\$279	(\$492)	(\$492)	(\$897,735)
%+/- Prior Year	-5.4%	-5.4%	1.2%	-12.1%	-65.1%	-94.8%	-5.4%
			(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.