



City Manager Report

The City of
OKLAHOMA CITY

NO: 335

DATE: SEPTEMBER 24, 2013

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: SEPTEMBER 2013 SALES AND USE TAX COLLECTIONS

Combined sales and use taxes for the General Fund are \$3,118,390 below target for the year.

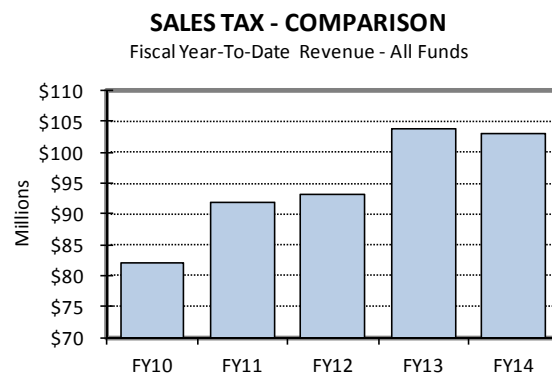
General Fund Sales Tax

The September allocation of sales tax to the General Fund totaled \$18,095,080. This is \$1,053,675 or 5.5% below target and 1.9% below September 2012 collections. The September remittance includes actual collections for the second half of July and estimated collections for the first half of August by major taxpayers.

This month's sales tax revenue appears worse than it really is due to comparisons against last September, which was the largest sales tax check in the history of Oklahoma City. This month's check was the second largest in the City's history. Sales related to the recovery from damage and caused by the May tornados strengthened this month's revenue. The two categories with the largest percentage decline this month, Wholesale and Manufacturing, experienced exceptional growth last year of 21.9% and 80.2% respectively. Significantly cooler temperatures this summer are resulting in less demand for electricity. The drop in electricity sales accounts for about 60% of this month's 1.9% decline.

Sales for the first quarter last year were very strong and then tapered off to more normal levels so comparisons against last year should begin to improve as the year progresses.

FY 2014 SALES TAX - MAJOR CATEGORY GROWTH RATES			
Category	Sep 13 % Change	Year-to-Date	% of Total
	From Sep 12	% Change	Sales Tax
Retail	3.3%	4.6%	62.7%
Transp. & Utilities	-7.2%	-4.4%	11.3%
Services	-1.7%	3.1%	11.0%
Wholesale	-13.9%	-11.7%	10.2%
Manufacturing	-17.7%	-17.8%	4.1%
Other Misc.	-8.5%	-63.6%	0.7%
Overall % Change:	-1.9%	-0.9%	100.0%



September's decline is largely due to comparisons to last year's outstanding performance rather than poor performance this year.

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

While Oklahoma City, Tulsa, and Edmond experienced declines this month, all three cities had double-digit growth rates last year. With the exception of Moore, the other metro cities performed near their year-to-date averages.

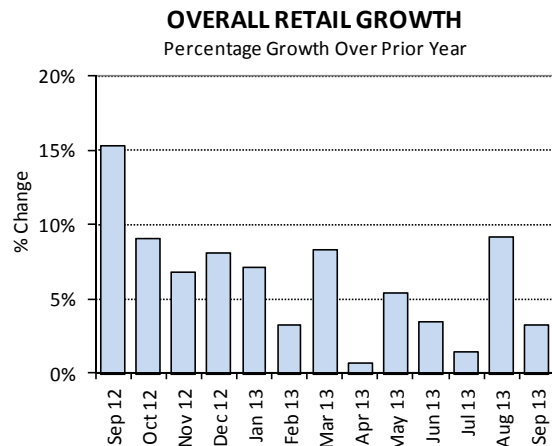
CITY COMPARISON		
City	Sep 13 % Change	Year-to-date
	From Sep 12	% Change
Oklahoma City	-1.9%	-0.9%
Tulsa	-3.0%	1.1%
Norman	4.5%	5.5%
Edmond	-1.3%	-1.1%
Midwest City	1.9%	3.2%
Moore	12.2%	5.7%
Yukon	4.8%	6.0%

* Rates are normalized to account for tax rate changes

Moore's sales were likely heavily influenced by tornado recovery related sales.

Retail was the only major sales tax category that improved over last year. Retail sales were up 3.3%, which is notable given that last year's Retail sales were up 15.3% from the prior year. Building Materials experienced the largest growth this month with sales increasing 13.1% from last year. Sales last year in this category were vigorous (up 34.8%) due to repairs related to hail damage. This year's increase is from continued robust sales of roofing materials and other building supplies due to the May tornados. Furniture & Home grew 8.8% with three-fourths of the top retailers improving over last year's 17.4% growth. A large refund last year and a new retailer this year helped Miscellaneous Retail to grow 5.6%. A large multi-year payment last year from a single taxpayer inflated last year's numbers and caused this year's 0.9% decline in Food Stores. Sales were down for General Merchandise with only two of the top ten retailers improving over last year's growth. The top ten general merchandisers account for 90% of all of General Merchandise's sales. Apparel & Accessories were down 6.3%, however; it is more of a reflection of last year's large 32.7% growth from the year prior rather than poor performance this year.

RETAIL - MAJOR CATEGORY GROWTH RATES			
Category	Sep 13 % Change	Year-to-Date	% of Total Retail
	From Sep 12	% Change	
Eating & Drinking	5.0%	4.7%	20.5%
General Merchandise	-3.6%	-0.3%	19.0%
Miscellaneous Retail	5.6%	-0.5%	14.4%
Building Materials	13.1%	18.1%	13.5%
Food Stores	-0.9%	0.4%	10.8%
Furniture & Home	8.8%	16.6%	10.2%
Apparel & Accessory	-6.3%	-2.3%	6.6%
Auto Parts Supplies	2.5%	4.3%	4.9%
Overall % Change:	3.3%	4.6%	100.0%



Most retail categories performed well this month especially considering last year's 15.3% growth.

Retail growth over the last 13 months has been strong.

Transportation & Utilities decreased 7.2% from last year. Utility sales were down 11.4% due to considerably cooler average temperatures causing decreased demand for electricity. Telecom & Transportation increased 3.2% on generally improved overall sales.

Manufacturing sales were strong this year, but reflected a 17.7% decline due to last year's massive growth of 80.2%. Last year several manufacturers had sales that were significantly higher than normal.

Wholesale declined 13.9% this month. Much of the decline is due to elevated sales levels last year as many wholesalers remitted large payments for the month.

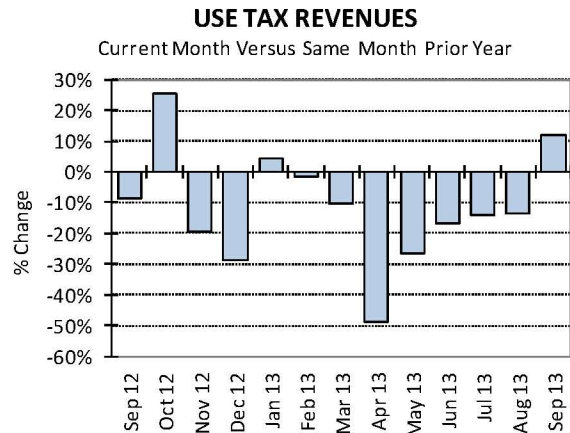
Services decreased by 1.7% from last year. Hotels declined 1.2%. Business Services declined 19.8% due to reduced overall sales this year and a few large payments last year. Other Services increased 13.0% on good overall sales and a couple of large payments this month.

General Fund Use Tax

The September allocation of use tax to the General Fund totaled \$3,173,942. This is \$311,930 or 10.9% above target and 11.8% above September 2012 collections.

Strong sales throughout several industries led to this month's 11.8% growth.

FY 2014 USE TAX - MAJOR CATEGORY GROWTH RATES			
Category	Sep 13 % Change		% of Total Use Tax
	From Sep 12	% Change	
Retail	43.9%	31.2%	35.1%
Wholesale	-13.8%	-16.9%	24.7%
Services	37.3%	-1.0%	11.1%
Mining	25.3%	-40.6%	10.7%
Manufacturing	-2.0%	13.5%	10.6%
Transp. & Utilities	19.9%	39.6%	4.0%
Other Misc.	78.4%	-13.8%	2.7%
Non-Classified	-43.0%	-79.6%	1.1%
Overall % Change:	11.8%	-6.1%	100.0%



Strong sales in throughout several use tax categories led to this month's 11.8% growth over last year.

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
September 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	\$18,094,775	\$3,392,770	\$3,392,770	\$1,130,923	\$9,047,388	-	-	-	-	\$35,058,627
Reallocations	\$305	\$57	\$57	\$19	(\$15,635)	\$10,647	\$3,062	\$415	\$1,072	-
Adjusted Actual	\$18,095,080	\$3,392,828	\$3,392,828	\$1,130,943	\$9,031,753	\$10,647	\$3,062	\$415	\$1,072	\$35,058,627
Target	\$19,148,755	\$3,590,392	\$3,590,392	\$1,196,797	\$9,483,086	-	-	-	-	\$37,009,422
+/- Target	(\$1,053,675)	(\$197,564)	(\$197,564)	(\$65,854)	(\$451,333)	\$10,647	\$3,062	\$415	\$1,072	(\$1,950,795)
%+/- Target	-5.5%	-5.5%	-5.5%	-5.5%	-4.8%	-	-	-	-	-5.3%
Prior Year Actual	\$18,450,242	\$3,459,420	\$3,459,420	\$1,153,140	\$9,136,801	\$45,666	\$40,325	\$1,137	\$470	\$35,746,622
+/- Prior Year	(\$355,162)	(\$66,593)	(\$66,593)	(\$22,198)	(\$105,048)	(\$35,019)	(\$37,263)	(\$722)	\$602	(\$687,995)
%+/- Prior Year	-1.9%	-1.9%	-1.9%	-1.9%	-1.1%	-76.7%	-92.4%	-63.5%	128.1%	-1.9%
Year-to-Date:										
Actual	\$53,124,811	\$9,960,902	\$9,960,902	\$3,320,301	\$26,562,406	-	-	-	-	\$102,929,322
Reallocations	\$681	\$128	\$128	\$43	(\$43,433)	\$17,776	\$21,008	\$782	\$2,888	-
Adjusted Actual	\$53,125,492	\$9,961,030	\$9,961,030	\$3,320,343	\$26,518,973	\$17,776	\$21,008	\$782	\$2,888	\$102,929,322
Target	\$55,610,005	\$10,426,876	\$10,426,876	\$3,475,625	\$27,653,551	-	-	-	-	\$107,592,933
+/- Target	(\$2,484,513)	(\$465,846)	(\$465,846)	(\$155,282)	(\$1,134,578)	\$17,776	\$21,008	\$782	\$2,888	(\$4,663,611)
%+/- Target	-4.5%	-4.5%	-4.5%	-4.5%	-4.1%	-	-	-	-	-4.3%
Prior Year Actual	\$53,581,449	\$10,046,522	\$10,046,522	\$3,348,841	\$26,643,752	\$55,759	\$80,482	\$710	\$8,336	\$103,812,371
+/- Prior Year	(\$455,957)	(\$85,492)	(\$85,492)	(\$28,497)	(\$124,779)	(\$37,983)	(\$59,473)	\$72	(\$5,448)	(\$883,050)
%+/- Prior Year	-0.9%	-0.9%	-0.9%	-0.9%	-0.5%	-68.1%	-73.9%	10.2%	-65.4%	-0.9%
						(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
September 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	\$3,173,983	\$1,103,994	-	-	-	-	\$4,277,978
Reallocations	(\$41)	(\$973)	\$1,628	(\$630)	\$0	\$16	-
Adjusted Actual	\$3,173,942	\$1,103,021	\$1,628	(\$630)	\$0	\$16	\$4,277,978
Target	\$2,862,012	\$1,002,877	-	-	-	-	\$3,864,889
+/- Target	\$311,930	\$100,144	\$1,628	(\$630)	\$0	\$16	\$413,089
%+/- Target	10.9%	10.0%	-	-	-	-	10.7%
Prior Year Actual	\$2,838,553	\$993,490	(\$1,418)	(\$4,760)	\$6	\$4	\$3,825,874
+/- Prior Year	\$335,389	\$109,531	\$3,046	\$4,131	(\$6)	\$12	\$452,103
%+/- Prior Year	11.8%	11.0%	-214.8%	-86.8%	-95.47%	312.34%	11.8%
Year-to-Date:							
Actual	\$8,641,452	\$3,005,722	-	-	-	-	\$11,647,174
Reallocations	-	(\$1,190)	\$1,498	(\$329)	\$0	\$21	-
Adjusted Actual	\$8,641,452	\$3,004,532	\$1,498	(\$329)	\$0	\$21	\$11,647,174
Target	\$9,275,329	\$3,243,714	-	-	-	-	\$12,519,043
+/- Target	(\$633,877)	(\$239,182)	\$1,498	(\$329)	\$0	\$21	(\$871,869)
%+/- Target	-6.8%	-7.4%	-	-	-	-	-7.0%
Prior Year Actual	\$9,199,304	\$3,213,351	(\$8,680)	(\$4,990)	\$48	\$18	\$12,399,051
+/- Prior Year	(\$557,852)	(\$208,819)	\$10,178	\$4,661	(\$47)	\$3	(\$751,876)
%+/- Prior Year	-6.1%	-6.5%	-117.3%	-93.4%	-99.0%	17.0%	-6.1%
			(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.