



# City Manager Report

## The City of **OKLAHOMA CITY**

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**NO: 580**

**DATE: FEBRUARY 24, 2015**

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

**SUBJECT: JULY 2014 – DECEMBER 2014 REVENUE ENFORCEMENT PROGRAM**

Additional revenue for the City resulting from the Revenue Enforcement program for fiscal year 2015 is \$634,840. The revenue collected through the program is well above the cost of the program, which is approximately \$247,000 for the first six months of fiscal year 2015.

The City Treasurer's Office actively pursues revenue enforcement activities through internal staff efforts as well as third party auditors to enforce sales, use and other tax compliance. As the result of an audit completed by the City Auditor's Office, the City began pursuing revenue compliance in 2001. The Oklahoma Tax Commission (OTC) has continued to implement additional programs to improve tax collections for cities, which are discussed in greater detail in the following report. The enhanced services from OTC have benefited the City, and have resulted in a decrease in the number of discrepancies identified through the Revenue Enforcement program. The results of the program through December are \$465,160 below the Leading for Results target. The following is a summary of the results of the revenue enforcement activities administered by the City Treasurer's Office.

### **Boundary Review**

### **\$295,297 additional revenue for the City**

On a biannual basis, City staff conducts a review of all City boundaries to ensure taxpayers are correctly coded and remitting sales and use tax to the correct jurisdiction. Addresses coded incorrectly are sent to the OTC for further review and correction. Staff includes the amount received for the corrected addresses for a one-year period as revenue enhancements; however, these efforts may continue to benefit the City far beyond a single year. In recent months, the OTC has enhanced efforts to improve the accuracy of new permit issuance and reduction in boundary issues have been noted by Treasury.

### **Sales & Use Tax Compliance Leads**

### **\$140,805 additional revenue for the City**

Each month, Treasury staff reviews sales and use tax remittances to generate compliance leads for questionable and/or missing payments. Compliance leads are sent to the OTC for further review and collection efforts. This period, 27 questionable or missing remittances were identified and sent to the OTC. The \$140,805 represents payments that were received this period for leads previously submitted. The number of leads sent to the OTC has decreased due to the implementation of the OTC's delinquent taxpayer program.

**Independent Audit Program**

**\$120,460 additional revenue for the City**

The independent audit program provides the City with the capability to perform sales and use tax audits in addition to those pursued by the Tax Commission. All audits are conducted in accordance with OTC standards and each of our contracted auditors is delegated as an authorized agent of the Tax Commission. Program results are as follows:

	<b>Fiscal Year-to-Date</b>
Audits Completed	11
Total Revenue Collections	\$120,460
Cost of Audit Services	\$14,648
Recovery vs. Cost Ratio	\$8.22 to \$1

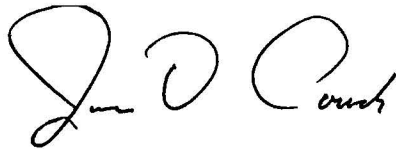
**Hotel Collections**

**\$78,278 additional revenue for the City**

Each hotel tax report received by the City Treasurer's office is reviewed for validity by City staff. Enhanced revenue is generated by identifying erroneous exemptions and providing notices to hotel operators that additional payment is required. This period, 251 corrections were identified and notifications sent to hotel operators.

Treasury staff will be implementing a new hotel audit program in 2015. Unlike sales taxes, which are collected by the OTC, hotel taxes are collected by the City Treasurer's Office. The hotel audits will give treasury staff the ability to verify hotel taxes collected and help ensure that the hotel tax ordinance is properly enforced.

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



James D. Couch  
City Manager