



City Manager Report

The City of
OKLAHOMA CITY

NO: 743

DATE: DECEMBER 22, 2015

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: DECEMBER 2015 SALES AND USE TAX COLLECTIONS

Combined sales and use taxes for the General Fund are \$10,980,883 or 8.3% below projections for the year.

General Fund Sales Tax

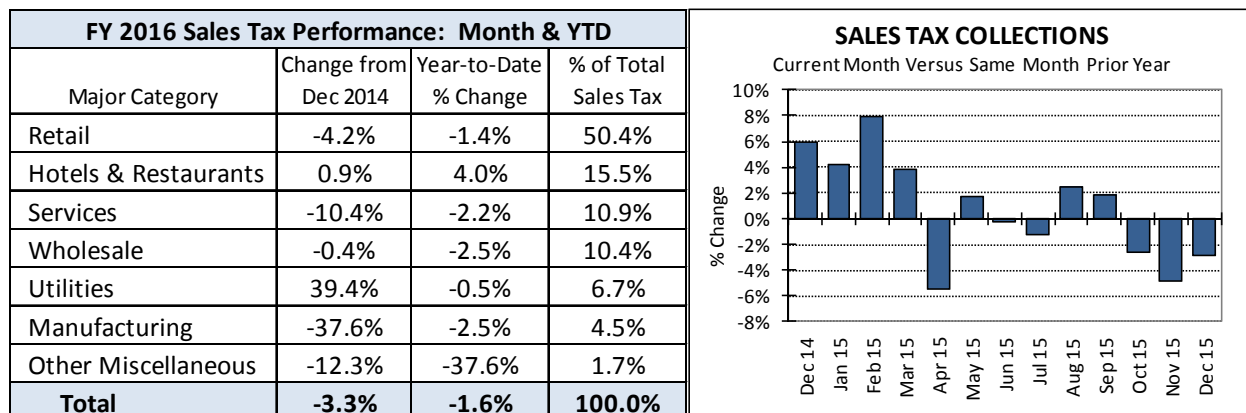
Note: With the enactment of House Bill 1875 on July 1, 2015, the retention fee paid to the Oklahoma Tax Commission for collection of sales and use taxes decreased from 1% to 0.5%. Overall comparisons of sales tax will include the additional 0.5%, while comparisons of specific categories will not be affected.

General Fund sales tax collections for December totaled \$18,018,687, which is:

- \$635,016 or 3.4% below projection for the month
- \$523,761 or 2.8% below FY 2015 collections for the month

The December remittance includes actual collections for the second half of October and estimated collections for the first half of November by major taxpayers.

The reduction in oil and gas activity continues to have a negative impact on Oklahoma City's sales tax revenues. The businesses affected span multiple segments of the economy including Retail, Services, and Manufacturing. The large increase in Utilities is the result of an underpayment of tax by a vendor last month that was corrected and paid this month.



City Comparison		
City	Change from Dec 2014	Year-to-Date % Change
Oklahoma City	-2.8%	-1.2%
Tulsa	2.1%	1.0%
Norman	4.6%	3.4%
Edmond	3.0%	1.8%
Moore	8.9%	7.8%
Midwest City	2.3%	0.6%
Yukon	11.8%	14.5%
<i>Rates are normalized to account for rate changes</i>		

Comparison to Other Cities

Sales tax collections for Oklahoma City were below those of surrounding cities and Tulsa. This is likely due to the number of oil and gas related businesses that are based in Oklahoma City. While lower gas prices create additional expendible income for consumers, those benefits are countered by the loss of tax revenue from oil and gas businesses as well as the loss of wages from reduced workforces.

Retail

- General Merchandise – Sales were down for the majority of retailers this month.
- Building Materials and Lawn & Garden – The businesses that cater more towards contractors as opposed to the general public experienced most of the decline.
- Electronics & Appliances – Several of the major retailers in the category, specifically those involved in business-to-business sales, experienced notable declines this month.
- Miscellaneous Retail – Most retailers experienced declines; however, 60% of this month’s decline is due to a single oil and gas related business.
- Auto Parts & Supplies – A couple of retailers remitted large payments last year causing last year’s sales for the month to be somewhat inflated.
- Pharmacies & Health Stores – Most retailers did well this month. A few major retailers have experienced sizeable growth throughout the year.

FY 2016 Retail Sub-Category Performance: Month & YTD			
Retail Category	Change from Dec 2014	Year-to-Date % Change	% of Total Retail Sales
General Merchandise	-2.9%	-0.6%	24.1%
Building Materials and Lawn & Garden	-3.8%	3.5%	14.9%
Food Stores	4.6%	3.9%	12.6%
Apparel & Accessories	-0.7%	-2.5%	10.9%
Electronics & Appliances	-10.2%	-7.2%	8.3%
Miscellaneous Retail	-36.7%	-22.5%	6.3%
Auto Parts & Supplies	-8.3%	5.2%	5.6%
Furniture & Home	5.8%	-5.3%	4.7%
Pharmacies & Health Stores	15.4%	9.0%	4.4%
Sporting Goods & Hobby Stores	4.0%	-1.5%	4.4%
Convenience Stores	-7.6%	-2.2%	3.1%
Direct Sales	-6.9%	-10.1%	0.7%
Total	-4.2%	-1.4%	100.0%

Other Major Categories

- Hotels & Restaurants grew 0.9% from last year.
 - Hotels rose 13.3% in large part to the reclassification of a couple of hotels that were previously classified under Eating & Drinking Establishments.
 - Eating & Drinking Establishment’s decrease of 1.4% is also largely due to the reclassification mentioned above.
- Services declined 10.4%. A couple of rental businesses caused much of the decline.
- Wholesale was down 0.4% with most wholesalers reporting declines from last year.
- Utilities jumped 39.4% this month due to a correction of an underpayment last month.
- Manufacturing fell 37.6% largely from reduced sales from a major oil & gas business.
- Other Miscellaneous decreased 12.3%. The decline was due to a previously unclassified business being properly classified to Manufacturing.

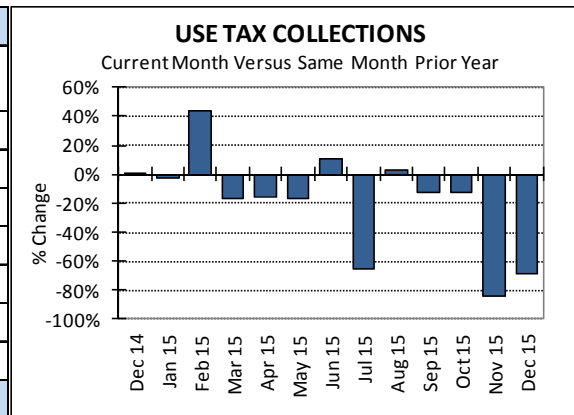
General Fund Use Tax

General Fund use tax collections for December totaled \$1,084,152 which is:

- \$2,151,229 or 66.5% below projection for the month
- \$2,364,237 or 68.6% below FY 2015 collections for the month

Most of use tax’s significant decline is due to a major refund. As previously noted in the July 2015 report, a company who had been remitting use tax to Oklahoma City in error was refunded \$2.7 million in July. The Oklahoma Tax Commission previously denied a portion of their originally requested refund. The denial was subsequently protested with additional information being provided and was recently approved. This resulted in an additional refund of \$6.2 million. The City’s use tax collections were reduced by \$3.6 million last month with the remaining \$2.6 million retained this month.

FY 2016 Use Tax Performance: Month & YTD			
Major Category	Change from Dec 2014	Year-to-Date % Change	% of Total Use Tax
Retail	-13.0%	-2.8%	38.3%
Wholesale	-16.6%	-6.8%	35.8%
Services	-18.4%	0.6%	20.9%
Manufacturing	-24.6%	-0.8%	18.3%
Utilities	1505.6%	-19.7%	1.7%
Hotels & Restaurants	76.8%	-19.7%	0.5%
Other Miscellaneous	-309.4%	-188.0%	-15.5%
Total	-68.7%	-40.8%	100.0%



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

A handwritten signature in black ink, appearing to read "James D. Couch". The signature is written in a cursive style with large, rounded letters.

James D. Couch
City Manager

CITY OF OKLAHOMA CITY
SALES TAX COLLECTIONS
December 2015

	<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	\$18,018,690	\$3,378,504	\$3,378,504	\$1,126,168	\$9,009,345	-	-	-	-	\$34,911,211
Reallocations	(\$3)	(\$1)	(\$1)	(\$0)	\$1,502	\$980	(\$3,551)	\$77	\$997	4
Adjusted Actual	\$18,018,687	\$3,378,504	\$3,378,504	\$1,126,168	\$9,010,847	\$980	(\$3,551)	\$77	\$997	\$34,911,211
Projection	\$18,653,702	\$3,497,569	\$3,497,569	\$1,165,856	\$9,308,059	-	-	-	-	\$36,122,756
+/- Projection	(\$635,016)	(\$119,065)	(\$119,065)	(\$39,689)	(\$297,212)	\$980	(\$3,551)	\$77	\$997	(\$1,211,545)
%+/- Projection	-3.4%	-3.4%	-3.4%	-3.4%	-3.2%	-	-	-	-	-3.4%
Prior Year Actual	\$18,542,448	\$3,476,709	\$3,476,709	\$1,158,903	\$9,252,544	\$3,027	\$13,480	\$909	\$847	\$35,925,574
+/- Prior Year	(\$523,761)	(\$98,205)	(\$98,205)	(\$32,735)	(\$241,697)	(\$2,046)	(\$17,031)	(\$832)	\$150	(\$1,014,363)
%+/- Prior Year	-2.8%	-2.8%	-2.8%	-2.8%	-2.6%	-67.6%	-126.3%	-91.5%	17.7%	-2.8%
Year-to-Date:										
Actual	\$109,042,398	\$20,445,450	\$20,445,450	\$6,815,150	\$54,521,199	-	-	-	-	\$211,269,645
Reallocations	\$501	\$94	\$94	\$31	(\$25,564)	\$7,924	\$11,939	\$199	\$4,781	-
Adjusted Actual	\$109,042,899	\$20,445,544	\$20,445,544	\$6,815,181	\$54,495,635	\$7,924	\$11,939	\$199	\$4,781	\$211,269,645
Projection	\$112,303,311	\$21,056,871	\$21,056,871	\$7,018,957	\$56,074,336	-	-	-	-	\$217,510,345
+/- Projection	(\$3,260,412)	(\$611,327)	(\$611,327)	(\$203,776)	(\$1,578,701)	\$7,924	\$11,939	\$199	\$4,781	(\$6,240,699)
%+/- Projection	-2.9%	-2.9%	-2.9%	-2.9%	-2.8%	-	-	-	-	-2.9%
Prior Year Actual	\$110,384,318	\$20,697,060	\$20,697,060	\$6,899,020	\$55,116,511	\$32,822	\$25,722	\$3,088	\$7,797	\$213,863,397
+/- Prior Year	(\$1,341,419)	(\$251,516)	(\$251,516)	(\$83,839)	(\$620,876)	(\$24,898)	(\$13,783)	(\$2,889)	(\$3,016)	(\$2,593,752)
%+/- Prior Year	-1.2%	-1.2%	-1.2%	-1.2%	-1.1%	-75.9%	-53.6%	-93.6%	-38.7%	-1.2%
						(1)	(1)	(1)	(1)	(2) & (3)

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.
- (2) The percentages listed will differ from those on the Sales and Use Tax City Manager Report slightly due to the inclusion of administrative fee, interest and reallocation on this report.
- (3) The sales and use tax retention fee has changed from 1% of total collections to 0.5% of total collections beginning August 2015.

CITY OF OKLAHOMA CITY
USE TAX COLLECTIONS
December 2015

	<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	\$1,084,152	\$377,096	-	-	-	-	\$1,461,248
Reallocations	\$0	(\$6,090)	\$2,195	\$3,892	\$3	-	-
Adjusted Actual	\$1,084,152	\$371,006	\$2,195	\$3,892	\$3	-	\$1,461,248
Projection	\$3,235,381	\$1,125,350	-	-	-	-	\$4,360,731
+/- Projection	(\$2,151,229)	(\$754,344)	\$2,195	\$3,892	\$3	-	(\$2,899,483)
%+/- Projection	-66.5%	-67.0%	-	-	-	-	-66.5%
Prior Year Actual	\$3,448,390	\$1,197,353	(\$33)	\$2,216	(\$96)	-	\$4,647,830
+/- Prior Year	(\$2,364,237)	(\$826,346)	\$2,228	\$1,676	\$99	-	(\$3,186,581)
%+/- Prior Year	-68.6%	-69.0%	-6757.1%	75.6%	-103.35%	-	-68.6%
Year-to-Date:							
Actual	\$11,626,049	\$4,043,843	-	-	-	-	\$15,669,892
Reallocations	\$220	(\$61,507)	\$1,809	\$58,823	\$294	\$361	-
Adjusted Actual	\$11,626,269	\$3,982,336	\$1,809	\$58,823	\$294	\$361	\$15,669,892
Projection	\$19,346,740	\$6,729,301	-	-	-	-	\$26,076,041
+/- Projection	(\$7,720,471)	(\$2,746,965)	\$1,809	\$58,823	\$294	\$361	(\$10,406,149)
%+/- Projection	-39.9%	-40.8%	-	-	-	-	-39.9%
Prior Year Actual	\$19,551,969	\$6,798,017	\$68	\$2,694	(\$93)	-	\$26,352,655
+/- Prior Year	(\$7,925,701)	(\$2,815,681)	\$1,741	\$56,129	\$388	\$361	(\$10,682,763)
%+/- Prior Year	-40.5%	-41.4%	2557.7%	2083.5%	-414.93%	-	-40.5%
			(1)	(1)	(1)	(1)	(2) & (3)

NOTES:

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