



City Manager Report

The City of
OKLAHOMA CITY

NO: 485

DATE: SEPTEMBER 9, 2014

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: AUGUST 2014 SALES AND USE TAX COLLECTIONS

Combined sales and use taxes for the General Fund are \$310,440 or 0.7% above target for the year.

General Fund Sales Tax

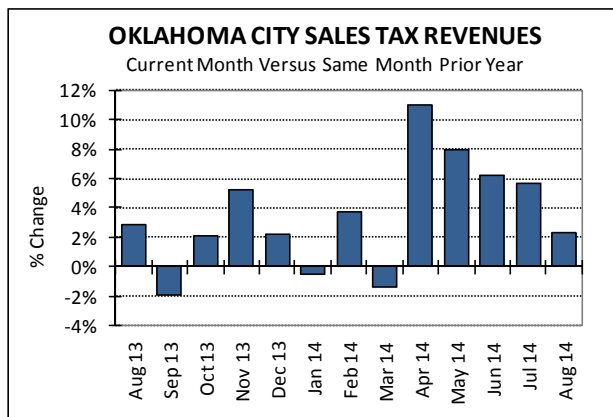
The August allocation of sales tax to the General Fund totaled \$18,325,780, which is:

- \$271,115 or 1.5% below target for the month
- \$420,046 or 2.3% above FY 2014 collections for the month

The August remittance includes actual collections for the second half of June and estimated collections for the first half of July by major taxpayers.

Sales tax collections were up from than last year but still below target. Lower than anticipated Retail sales were a major reason why collections did not meet target. Most of the larger retail subcategories reported sales below those of last year. Retail has been performing well in recent months and this may just be an anomaly. A very large multi-year refund last year in Other Miscellaneous along with strong Utilities sales this month helped overall collections to increase from last year.

FY 2015 Sales Tax: Growth by Industry		
Major Category	Aug 2014 Growth Rate	% of Total Sales Tax
Retail	-3.6%	48.1%
Hotels & Restaurants	0.2%	15.4%
Services	3.1%	11.4%
Wholesale	-1.3%	10.6%
Utilities	8.3%	7.1%
Manufacturing	-1.8%	4.5%
Other Miscellaneous	611.9%	2.8%
Total	2.3%	100.0%



City Comparison		
Major Category	Aug 2014 Growth Rate	Year-to-Date % Change
Oklahoma City	2.3%	4.0%
Tulsa	2.1%	4.1%
Norman	-0.3%	1.7%
Edmond	3.7%	6.1%
Moore	-6.0%	6.7%
Midwest City	-5.6%	-1.1%
Yukon	-0.9%	0.9%
* Rates are normalized to account for tax rate changes		

Comparison to Other Cities

Sales tax growth was modest for most cities. The total increase for all cities in Oklahoma was 2.0%. Oklahoma City and Tulsa's growth was right in line with the total for all cities. Much of the rest of the metro did not fare as well with several cities experiencing sales tax declines this month.

Retail

- Building Materials – Sales are down largely because last year's sales were high due to tornado related repairs.
- Convenience Stores – Virtually all of this month's growth is due to the reclassification of a major convenience store previously listed under Other Miscellaneous as Non-Classified.
- General Merchandise – 80% of the top 10% of merchandisers reported declines.
- Auto Parts & Supplies – A major tire company failed to remit their tax payment this month and two other retailers failed to remit their estimated tax payments this month. The Oklahoma Tax Commission (OTC) was notified and they are working to resolve these issues.
- Apparel & Accessories – Sales were down this month with three-quarters of the top 10% of retailers reporting sales below those of last year.
- Miscellaneous Retail – The majority of taxpayers in the category reported declines in sales this month. Further hurting sales, a business was erroneously changed to Non-Classified by the OTC. The OTC was notified and have since corrected it.

FY 2015 Sales Tax: Retail Sub-Category Growth		
Major Category	Aug 2014 Growth Rate	% of Total Retail Sales Tax
General Merchandise	-4.4%	24.4%
Building Materials and Lawn & Garden	-16.4%	15.9%
Food Stores	5.5%	12.8%
Apparel & Accessories	-4.5%	9.8%
Electronics & Appliances	-4.2%	8.2%
Miscellaneous Retail	-5.8%	6.6%
Auto Parts & Supplies	-12.2%	5.2%
Furniture & Home	-0.6%	4.7%
Sporting Goods & Hobby Stores	1.9%	4.5%
Pharmacies & Health Stores	1.2%	3.9%
Convenience Stores	85.0%	3.4%
Direct Sales	22.7%	0.7%
Total	-3.6%	100.0%

Other Major Categories

- Hotels & Restaurants increased 0.2% from last year.
 - Hotel revenues dropped 16.4% with most hotels reporting sales declines from last year.
 - Eating & Drinking Establishments were up 4.0%.
- Service sales grew 3.1% with normal sales activity.
- Wholesale experienced a modest decrease of 1.3%.
- Utilities grew 8.3% with solid growth in both electricity and natural gas sales.
- Manufacturing declined 1.8% with most manufacturers performing slightly below last year’s levels.
- Other Miscellaneous increased 611.9%. A very large refund given last year caused nearly all of this year’s increase.

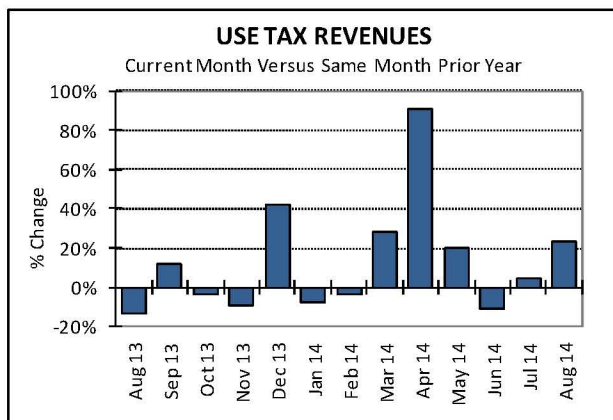
General Fund Use Tax

The August allocation of use tax to the General Fund totaled \$3,378,565, which is:

- \$385,162 or 12.9% above target for the month
- \$632,323 or 23.0% above FY 2014 collections for the month

Most of this month’s growth is from Other Miscellaneous and Wholesale. Other Miscellaneous had a couple of large refunds last year. Several wholesalers showed strong increases in use taxes this month. The growth in Hotels & Restaurants is almost entirely due to one company.

FY 2015 Use Tax: <i>Growth by Industry</i>		
Major Category	Aug 2014 Growth Rate	% of Total Sales Tax
Wholesale	29.1%	25.5%
Other Miscellaneous	119.3%	23.6%
Retail	-4.5%	22.4%
Manufacturing	-5.1%	13.1%
Services	-8.6%	11.6%
Hotels & Restaurants	820.9%	2.1%
Utilities	182.2%	1.6%
Total	23.0%	100.0%



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


 James D. Couch
 City Manager

CITY OF OKLAHOMA CITY
SALES TAX COLLECTIONS
August 2014

	<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	\$18,323,606	\$3,435,676	\$3,435,676	\$1,145,225	\$9,161,803	-	-	-	-	\$35,501,987
Reallocations	\$2,174	\$408	\$408	\$136	(\$30,301)	\$21,193	\$3,289	\$42	\$2,652	-
Adjusted Actual	\$18,325,780	\$3,436,084	\$3,436,084	\$1,145,361	\$9,131,503	\$21,193	\$3,289	\$42	\$2,652	\$35,501,987
Target	\$18,596,895	\$3,486,918	\$3,486,918	\$1,162,306	\$9,282,801	-	-	-	-	\$36,015,838
+/- Target	(\$271,115)	(\$50,834)	(\$50,834)	(\$16,945)	(\$151,298)	\$21,193	\$3,289	\$42	\$2,652	(\$513,851)
%+/- Target	-1.5%	-1.5%	-1.5%	-1.5%	-1.6%	-	-	-	-	-1.4%
Prior Year Actual	\$17,905,734	\$3,357,325	\$3,357,325	\$1,119,108	\$8,937,802	\$4,472	\$8,970	\$342	\$860	\$34,691,939
+/- Prior Year	\$420,046	\$78,759	\$78,759	\$26,253	\$193,700	\$16,721	(\$5,681)	(\$300)	\$1,792	\$810,049
%+/- Prior Year	2.3%	2.3%	2.3%	2.3%	2.2%	373.9%	-63.3%	-87.9%	208.4%	2.3%
Year-to-Date:										
Actual	\$36,421,743	\$6,829,077	\$6,829,077	\$2,276,359	\$18,210,872	-	-	-	-	\$70,567,128
Reallocations	\$2,304	\$432	\$432	\$144	(\$36,954)	\$22,218	\$6,160	\$1,203	\$4,060	-
Adjusted Actual	\$36,424,048	\$6,829,509	\$6,829,509	\$2,276,503	\$18,173,918	\$22,218	\$6,160	\$1,203	\$4,060	\$70,567,128
Target	\$36,382,797	\$6,821,774	\$6,821,774	\$2,273,925	\$18,162,331	-	-	-	-	\$70,462,601
+/- Target	\$41,251	\$7,735	\$7,735	\$2,578	\$11,587	\$22,218	\$6,160	\$1,203	\$4,060	\$104,527
%+/- Target	0.1%	0.1%	0.1%	0.1%	0.1%	-	-	-	-	0.1%
Prior Year Actual	\$35,030,614	\$6,568,240	\$6,568,240	\$2,189,413	\$17,487,321	\$7,129	\$17,946	\$368	\$1,815	\$67,871,086
+/- Prior Year	\$1,393,433	\$261,269	\$261,269	\$87,090	\$686,597	\$15,089	(\$11,785)	\$835	\$2,245	\$2,696,042
%+/- Prior Year	4.0%	4.0%	4.0%	4.0%	3.9%	211.7%	-65.7%	227.1%	123.6%	4.0%
						(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
August 2014

	<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	\$3,378,565	\$1,175,153	-	-	-	-	\$4,553,718
Reallocations	(\$0)	(\$238)	\$1	\$238	-	-	-
Adjusted Actual	\$3,378,565	\$1,174,915	\$1	\$238	-	-	\$4,553,718
Target	\$2,993,403	\$1,187,262	-	-	-	-	\$4,180,666
+/- Target	\$385,162	(\$12,348)	\$1	\$238	-	-	\$373,052
%+/- Target	12.9%	-1.0%	-	-	-	-	8.9%
Prior Year Actual	\$2,746,241	\$952,280	\$1,208	\$1,668	\$0	\$4	\$3,701,401
+/- Prior Year	\$632,323	\$222,635	(\$1,207)	(\$1,430)	(\$0)	(\$4)	\$852,317
%+/- Prior Year	23.0%	23.4%	-99.9%	-85.8%	-100.00%	-100.00%	23.0%
Year-to-Date:							
Actual	\$6,228,774	\$2,166,530	-	-	-	-	\$8,395,304
Reallocations	(\$0)	(\$250)	\$14	\$238	(\$1)	-	-
Adjusted Actual	\$6,228,774	\$2,166,280	\$14	\$238	(\$1)	-	\$8,395,304
Target	\$5,959,585	\$2,253,294	-	-	-	-	\$8,212,880
+/- Target	\$269,188	(\$87,014)	\$14	\$238	(\$1)	-	\$182,425
%+/- Target	4.5%	-3.9%	-	-	-	-	2.2%
Prior Year Actual	\$5,467,509	\$1,901,512	(\$131)	\$300	\$0	\$6	\$7,369,197
+/- Prior Year	\$761,264	\$264,768	\$144	(\$63)	(\$1)	(\$6)	\$1,026,107
%+/- Prior Year	13.9%	13.9%	-110.5%	-20.8%	-354.5%	-100.0%	13.9%
			(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.