



City Manager Report

The City of
OKLAHOMA CITY

NO: 767

DATE: JANUARY 9, 2016

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: JANUARY 2016 SALES AND USE TAX COLLECTIONS

Combined sales and use taxes for the General Fund are \$11,709,984 or 7.6% 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.

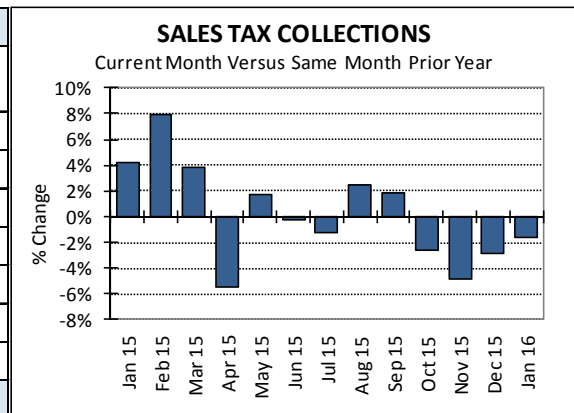
General Fund sales tax collections for January totaled \$18,303,779, which is:

- \$675,845 or 3.6% below projection for the month
- \$303,675 or 1.6% below FY 2015 collections for the month

The January remittance includes actual collections for the second half of November and estimated collections for the first half of December 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. It appears that the economic downturn has affected Christmas sales as sales fell short of what they were last year.

FY 2016 Sales Tax Performance: Month & YTD			
Major Category	Change from Jan 2015	Year-to-Date % Change	% of Total Sales Tax
Retail	-2.6%	-1.6%	54.8%
Hotels & Restaurants	3.2%	3.9%	14.6%
Services	6.2%	-1.1%	10.4%
Wholesale	-7.2%	-3.1%	8.7%
Utilities	1.3%	-0.3%	5.5%
Manufacturing	-16.4%	-4.6%	4.5%
Other Miscellaneous	-23.7%	-36.1%	1.6%
Total	-2.1%	-1.7%	100.0%



City Comparison		
City	Change from Jan 2015	Year-to-Date % Change
Oklahoma City	-1.6%	-1.3%
Tulsa	1.6%	1.0%
Norman	4.2%	3.5%
Edmond	1.0%	1.7%
Moore	2.9%	7.1%
Midwest City	-1.7%	0.2%
Yukon	-1.2%	12.0%
<i>Rates are normalized to account for rate changes</i>		

Comparison to Other Cities

Sales tax collections for Oklahoma City were on par with the year-to-date average. Reduced activity for oil and gas related businesses have negatively impacted Oklahoma City's sales tax collections in recent months. It has almost been a year since the start of the oil and gas decline thus year-over-year comparisons should begin to improve in the coming months.

Retail

- General Merchandise – Only six of the top twenty retailers experienced sales growth.
- Apparel & Accessories – Sales were down for the majority of businesses in this category.
- Electronics & Appliances – Sales were tough for most retailers. Only about one third of the top retailers in the category had growth.
- Miscellaneous Retail – Sales were up for most in the category but collections were down due to one large oil and gas business whose sales have dropped dramatically since last year.
- Sporting Goods & Hobby Stores – The addition of a new sporting goods store this year has helped to improve the performance of this category in recent months.
- Auto Parts & Supplies – Most businesses in this category had declines in sales this month.
- Furniture & Home – Most retailers did not do well this month. A couple of retailers had large payments last year making the decline appear more severe than it is.

FY 2016 Retail Sub-Category Performance: Month & YTD			
Retail Category	Change from Jan 2015	Year-to-Date % Change	% of Total Retail Sales
General Merchandise	-0.5%	-0.5%	26.2%
Apparel & Accessories	-3.4%	-2.7%	13.4%
Food Stores	2.0%	3.6%	12.0%
Building Materials and Lawn & Garden	4.9%	3.7%	11.4%
Electronics & Appliances	-16.8%	-8.8%	9.0%
Miscellaneous Retail	-14.6%	-21.4%	5.6%
Sporting Goods & Hobby Stores	4.5%	-0.4%	5.4%
Pharmacies & Health Stores	7.1%	8.7%	4.7%
Auto Parts & Supplies	-9.7%	3.2%	4.6%
Furniture & Home	-8.5%	-5.8%	4.5%
Convenience Stores	2.6%	-1.6%	2.7%
Direct Sales	-11.8%	-10.4%	0.7%
Total	-2.6%	-1.6%	100.0%

Other Major Categories

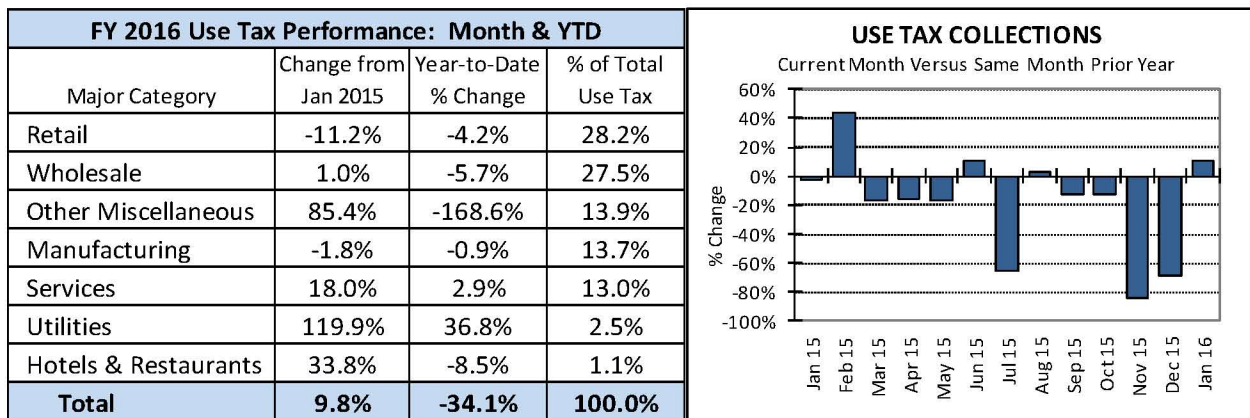
- Hotels & Restaurants grew 3.2% from last year.
 - Hotel sales were relatively flat, increasing just 0.9%.
 - Eating & Drinking Establishments rose 3.6% due to large payments from two businesses, otherwise sales would have declined from last year.
- Services improved 6.2% aided by several businesses remitting large payments this month.
- Wholesale was down 7.2% with most wholesalers reporting declines from last year.
- Utilities increased 1.3% with relatively normal activity.
- Manufacturing fell 16.4% largely from reduced sales from a major oil & gas business.
- Other Miscellaneous dropped 23.7%. Most of the decline stems from businesses involved in the oil and gas industry.

General Fund Use Tax

General Fund use tax collections for January totaled \$3,278,699 which is:

- \$53,256 or 1.6% below projection for the month
- \$308,891 or 10.4% above FY 2015 collections for the month

Use tax returned to normal after significant refunds affected the last two-month's collections. Most of this month's growth in use tax can be attributed to one company in Other Miscellaneous who received a large refund last year. They alone are responsible for 74% of this month's growth.



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

James D. Couch

James D. Couch
City Manager

CITY OF OKLAHOMA CITY
SALES TAX COLLECTIONS
January 2016

	<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	\$18,302,373	\$3,431,695	\$3,431,695	\$1,143,898	\$9,151,186	-	-	-	-	\$35,460,847
Reallocations	\$1,406	\$264	\$264	\$88	(\$36,691)	\$23,092	\$8,742	\$2,394	\$441	-
Adjusted Actual	\$18,303,779	\$3,431,958	\$3,431,958	\$1,143,986	\$9,114,495	\$23,092	\$8,742	\$2,394	\$441	\$35,460,847
Projection	\$18,979,624	\$3,558,675	\$3,558,675	\$1,186,225	\$9,488,530	-	-	-	-	\$36,771,729
+/- Projection	(\$675,845)	(\$126,717)	(\$126,717)	(\$42,239)	(\$374,034)	\$23,092	\$8,742	\$2,394	\$441	(\$1,310,882)
%+/- Projection	-3.6%	-3.6%	-3.6%	-3.6%	-3.9%	-	-	-	-	-3.6%
Prior Year Actual	\$18,607,453	\$3,488,898	\$3,488,898	\$1,162,966	\$9,302,480	(\$2,552)	\$3,100	\$16	\$604	\$36,051,863
+/- Prior Year	(\$303,675)	(\$56,939)	(\$56,939)	(\$18,980)	(\$187,985)	\$25,644	\$5,643	\$2,379	(\$164)	(\$591,016)
%+/- Prior Year	-1.6%	-1.6%	-1.6%	-1.6%	-2.0%	-1005.0%	182.0%	15297.7%	-27.1%	-1.6%
Year-to-Date:										
Actual	\$127,344,770	\$23,877,144	\$23,877,144	\$7,959,048	\$63,672,385	-	-	-	-	\$246,730,492
Reallocations	\$1,907	\$358	\$358	\$119	(\$62,255)	\$31,016	\$20,681	\$2,594	\$5,222	-
Adjusted Actual	\$127,346,678	\$23,877,502	\$23,877,502	\$7,959,167	\$63,610,131	\$31,016	\$20,681	\$2,594	\$5,222	\$246,730,492
Projection	\$131,282,934	\$24,615,546	\$24,615,546	\$8,205,182	\$65,562,866	-	-	-	-	\$254,282,074
+/- Projection	(\$3,936,257)	(\$738,044)	(\$738,044)	(\$246,015)	(\$1,952,735)	\$31,016	\$20,681	\$2,594	\$5,222	(\$7,551,582)
%+/- Projection	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-	-	-	-	-3.0%
Prior Year Actual	\$128,991,772	\$24,185,957	\$24,185,957	\$8,061,986	\$64,418,991	\$30,270	\$28,822	\$3,104	\$8,402	\$249,915,260
+/- Prior Year	(\$1,645,094)	(\$308,455)	(\$308,455)	(\$102,818)	(\$808,860)	\$746	(\$8,141)	(\$510)	(\$3,180)	(\$3,184,768)
%+/- Prior Year	-1.3%	-1.3%	-1.3%	-1.3%	-1.3%	2.5%	-28.2%	-16.4%	-37.8%	-1.3%
						(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
January 2016

	<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	\$3,278,660	\$1,140,403	-	-	-	-	\$4,419,063
Reallocations	\$39	(\$28,185)	\$9,102	\$18,992	\$53	-	-
Adjusted Actual	\$3,278,699	\$1,112,218	\$9,102	\$18,992	\$53	-	\$4,419,063
Projection	\$3,331,955	\$1,158,941	-	-	-	-	\$4,490,896
+/- Projection	(\$53,256)	(\$46,723)	\$9,102	\$18,992	\$53	-	(\$71,833)
%+/- Projection	-1.6%	-4.0%	-	-	-	-	-1.6%
Prior Year Actual	\$2,969,807	\$1,032,784	\$157	\$27	\$10	-	\$4,002,784
+/- Prior Year	\$308,891	\$79,435	\$8,946	\$18,965	\$43	-	\$416,279
%+/- Prior Year	10.4%	7.7%	5711.6%	70737.5%	452.31%	-	10.4%
Year-to-Date:							
Actual	\$14,904,709	\$5,184,247	-	-	-	-	\$20,088,955
Reallocations	\$259	(\$89,693)	\$10,911	\$77,815	\$347	\$361	-
Adjusted Actual	\$14,904,968	\$5,094,554	\$10,911	\$77,815	\$347	\$361	\$20,088,955
Projection	\$22,678,695	\$7,888,242	-	-	-	-	\$30,566,937
+/- Projection	(\$7,773,727)	(\$2,793,688)	\$10,911	\$77,815	\$347	\$361	(\$10,477,982)
%+/- Projection	-34.3%	-35.4%	-	-	-	-	-34.3%
Prior Year Actual	\$22,521,777	\$7,830,801	\$225	\$2,721	(\$84)	-	\$30,355,439
+/- Prior Year	(\$7,616,809)	(\$2,736,247)	\$10,687	\$75,094	\$431	\$361	(\$10,266,483)
%+/- Prior Year	-33.8%	-34.9%	4756.2%	2760.1%	-513.25%	-	-33.8%
			(1)	(1)	(1)	(1)	(2) & (3)

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.
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