



# City Manager Report

The City of  
**OKLAHOMA CITY**

**NO: 784**

**DATE: FEBRUARY 23, 2016**

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

**SUBJECT: FEBRUARY 2016 SALES AND USE TAX COLLECTIONS**

Combined sales and use taxes for the General Fund are \$12,603,938 or 7.1% below projections for the year.

### General Fund Sales Tax

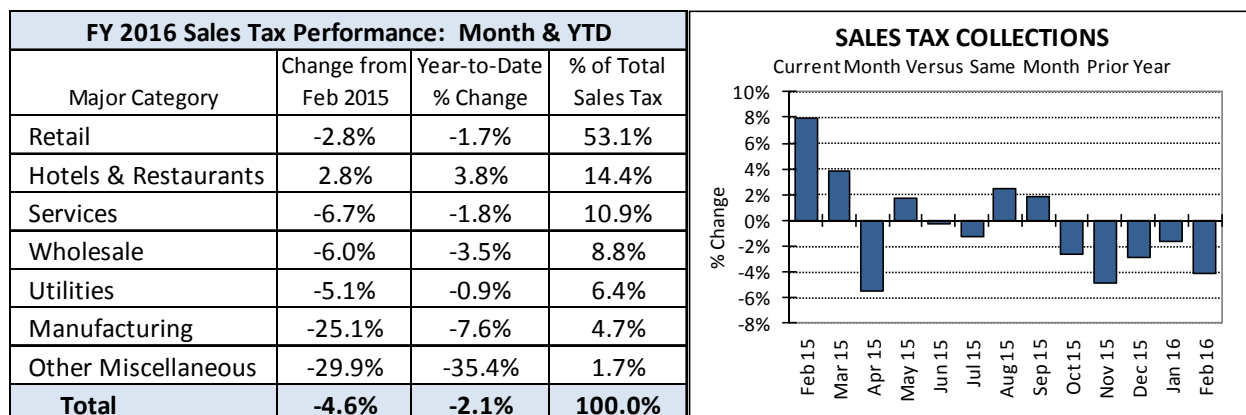
*Note: With the enactment of House Bill 1875 on July 1, 2015, the retention fee paid to the Oklahoma Tax Commission for collection of sales and use taxes decreased from 1% to 0.5%. Overall comparisons of sales tax will include the additional 0.5%, while comparisons of specific categories will not be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

General Fund sales tax collections for February totaled \$19,261,920, which is:

- \$1,226,806 or 6.0% below projection for the month
- \$825,066 or 4.1% below FY 2015 collections for the month

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

This month's sales decline is more the result of very strong sales tax collections last year as opposed to poor collections this year. Last year, Christmas sales coupled with heavy sales from many in the oil and gas industry caused a robust 7.9% growth. This year, Retail sales were weaker and the oil and gas industry has drastically reduced their activity.



City Comparison		
City	Change from Feb 2015	Year-to-Date % Change
Oklahoma City	-4.1%	-1.7%
Tulsa	-0.9%	0.8%
Norman *	-6.3%	2.2%
Edmond	-2.4%	1.1%
Moore	7.7%	7.1%
Midwest City	1.1%	0.3%
Yukon	11.3%	11.9%
<i>* Rates are normalized to account for rate changes</i>		

### Comparison to Other Cities

Sales tax collections for Oklahoma City fell below 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.

### Retail

- General Merchandise – Christmas sales improved, but only slightly.
- Apparel & Accessories – Most retailers were unable to match last year's significant 10.1% growth.
- Electronics & Appliances – The majority of retailers in this category did not perform as well as they did last year. Last year's sales were up 10.4%.
- Sporting Goods & Hobby Stores – The addition of a new sporting goods retailer this year has had a notable impact on growth.
- Miscellaneous Retail – Growth continues to be hampered by significantly reduced sales from several oil and gas related businesses. Last year's sales were up 14.0% due to strong oil and gas related sales.
- Pharmacies & Health Stores – Sales were down for many of the larger retailers this month.

FY 2016 Retail Sub-Category Performance: Month & YTD			
Retail Category	Change from Feb 2015	Year-to-Date % Change	% of Total Retail Sales
General Merchandise	1.1%	-0.3%	24.9%
Apparel & Accessories	-7.6%	-3.6%	14.3%
Food Stores	-0.7%	3.0%	12.4%
Building Materials and Lawn & Garden	2.8%	3.6%	10.5%
Electronics & Appliances	-8.4%	-8.7%	9.5%
Sporting Goods & Hobby Stores	10.1%	1.4%	6.0%
Miscellaneous Retail	-22.4%	-21.5%	5.9%
Pharmacies & Health Stores	-1.9%	7.1%	4.6%
Furniture & Home	-4.9%	-5.7%	4.4%
Auto Parts & Supplies	-3.8%	2.4%	4.2%
Convenience Stores	-2.3%	-1.6%	2.5%
Direct Sales	7.2%	-8.0%	0.7%
<b>Total</b>	<b>-2.8%</b>	<b>-1.7%</b>	<b>100.0%</b>

Other Major Categories

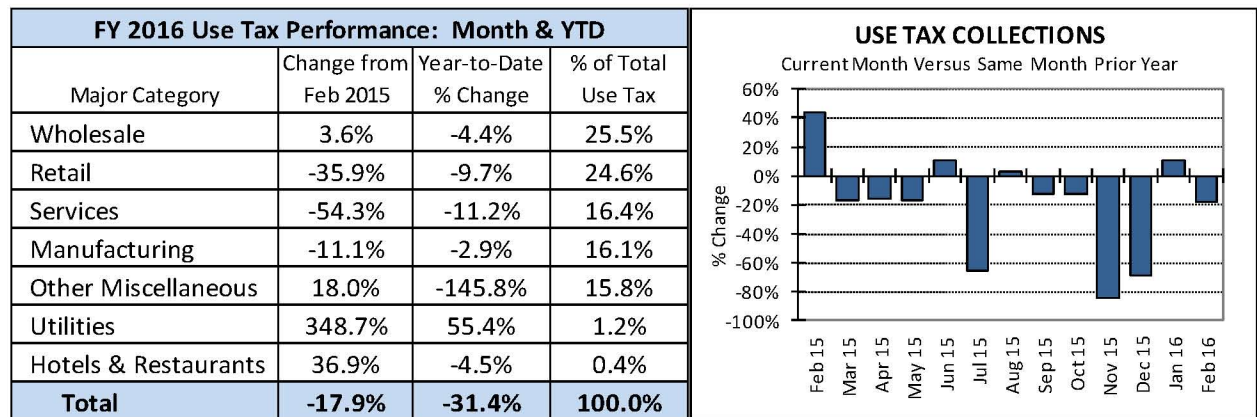
- Hotels & Restaurants grew 2.8% from last year.
  - Hotel sales were relatively flat, increasing just 0.4%.
  - Eating & Drinking Establishments rose 3.1% due to large payments from three businesses, otherwise growth would have been flat.
- Services fell 6.7%% due to very strong sales last year. Last year’s growth was 23.1%.
- Wholesale was down 6.0% with much of the decline coming from the oil and gas industry.
- Utilities’ decrease of 5.1% is likely from low natural gas prices and relatively warm weather.
- Manufacturing sank 25.1%. One manufacturer, who made a very large payment last year, accounted for this month’s entire decline.
- Other Miscellaneous dropped 29.9%. Most of the decline stems from businesses involved in the oil and gas industry and the construction industry.

**General Fund Use Tax**

General Fund use tax collections for February totaled \$3,724,815 which is:

- \$332,852 or 9.8% above projection for the month
- \$790,865 or 17.5% below FY 2015 collections for the month

Last year’s use tax collections were very strong, up 44.2% from the previous year. This year’s collections were also very good, but simply could not match last year’s enormous 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**  
*February 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>
<b>Current Month:</b>										
Actual	\$19,261,596	\$3,611,549	\$3,611,549	\$1,203,850	\$9,630,798	-	-	-	-	\$37,319,342
Reallocations	\$324	\$61	\$61	\$20	(\$10,673)	\$3,278	\$3,630	\$2,543	\$754	-
Adjusted Actual	\$19,261,920	\$3,611,610	\$3,611,610	\$1,203,870	\$9,620,125	\$3,278	\$3,630	\$2,543	\$754	\$37,319,342
Projection	\$20,488,726	\$3,841,636	\$3,841,636	\$1,280,545	\$10,238,448	-	-	-	-	\$39,690,992
+/- Projection	(\$1,226,806)	(\$230,026)	(\$230,026)	(\$76,675)	(\$618,323)	\$3,278	\$3,630	\$2,543	\$754	(\$2,371,650)
%+/- Projection	-6.0%	-6.0%	-6.0%	-6.0%	-6.0%	-	-	-	-	-6.0%
Prior Year Actual	\$20,086,986	\$3,766,310	\$3,766,310	\$1,255,437	\$10,037,694	\$2,598	\$2,262	\$9	\$868	\$38,918,475
+/- Prior Year	(\$825,066)	(\$154,700)	(\$154,700)	(\$51,567)	(\$417,569)	\$680	\$1,368	\$2,534	(\$114)	(\$1,599,133)
%+/- Prior Year	-4.1%	-4.1%	-4.1%	-4.1%	-4.2%	26.2%	60.5%	27278.0%	-13.1%	-4.1%
<b>Year-to-Date:</b>										
Actual	\$146,606,366	\$27,488,694	\$27,488,694	\$9,162,898	\$73,303,183	-	-	-	-	\$284,049,835
Reallocations	\$2,232	\$418	\$418	\$139	(\$72,927)	\$34,295	\$24,312	\$5,137	\$5,976	-
Adjusted Actual	\$146,608,598	\$27,489,112	\$27,489,112	\$9,163,037	\$73,230,256	\$34,295	\$24,312	\$5,137	\$5,976	\$284,049,835
Projection	\$151,771,660	\$28,457,182	\$28,457,182	\$9,485,727	\$75,801,314	-	-	-	-	\$293,973,066
+/- Projection	(\$5,163,062)	(\$968,070)	(\$968,070)	(\$322,690)	(\$2,571,058)	\$34,295	\$24,312	\$5,137	\$5,976	(\$9,923,231)
%+/- Projection	-3.4%	-3.4%	-3.4%	-3.4%	-3.4%	-	-	-	-	-3.4%
Prior Year Actual	\$149,078,758	\$27,952,267	\$27,952,267	\$9,317,422	\$74,456,685	\$32,868	\$31,084	\$3,113	\$9,270	\$288,833,735
+/- Prior Year	(\$2,470,160)	(\$463,155)	(\$463,155)	(\$154,385)	(\$1,226,429)	\$1,427	(\$6,773)	\$2,024	(\$3,294)	(\$4,783,900)
%+/- Prior Year	-1.7%	-1.7%	-1.7%	-1.7%	-1.6%	4.3%	-21.8%	65.0%	-35.5%	-1.7%
						(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**  
*February 2016*

	<u>General Fund</u>	<u>MAPS 3</u>	<u>Sports Facilities Improvement</u>	<u>City &amp; Schools</u>	<u>Police/Fire Equipment</u>	<u>MAPS</u>	<u>Total Use Tax</u>
<b>Current Month:</b>							
Actual	\$3,724,788	\$1,295,578	-	-	-	-	\$5,020,366
Reallocations	\$27	\$20,314	(\$12)	(\$20,329)	-	-	-
Adjusted Actual	\$3,724,815	\$1,315,892	(\$12)	(\$20,329)	-	-	\$5,020,366
Projection	\$3,391,963	\$1,179,813	-	-	-	-	\$4,571,776
+/- Projection	\$332,852	\$136,079	(\$12)	(\$20,329)	-	-	\$448,590
%+/- Projection	9.8%	11.5%	-	-	-	-	9.8%
Prior Year Actual	\$4,515,680	\$1,570,109	\$355	\$157	\$32	\$18	\$6,086,351
+/- Prior Year	(\$790,865)	(\$254,217)	(\$367)	(\$20,485)	(\$32)	(\$18)	(\$1,065,984)
%+/- Prior Year	-17.5%	-16.2%	-103.3%	-13084.7%	-100.00%	-100.00%	-17.5%
<b>Year-to-Date:</b>							
Actual	\$18,629,497	\$6,479,825	-	-	-	-	\$25,109,322
Reallocations	\$286	(\$69,379)	\$10,899	\$57,486	\$347	\$361	-
Adjusted Actual	\$18,629,783	\$6,410,446	\$10,899	\$57,486	\$347	\$361	\$25,109,322
Projection	\$26,070,658	\$9,068,055	-	-	-	-	\$35,138,713
+/- Projection	(\$7,440,875)	(\$2,657,609)	\$10,899	\$57,486	\$347	\$361	(\$10,029,391)
%+/- Projection	-28.5%	-29.3%	-	-	-	-	-28.5%
Prior Year Actual	\$27,037,457	\$9,400,910	\$580	\$2,877	(\$52)	\$18	\$36,441,790
+/- Prior Year	(\$8,407,674)	(\$2,990,463)	\$10,320	\$54,609	\$399	\$343	(\$11,332,468)
%+/- Prior Year	-31.1%	-31.8%	1780.1%	1897.9%	-773.41%	1915.02%	-31.1%
			(1)	(1)	(1)	(1)	(2) & (3)

**NOTES:**

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