



# City Manager Report

The City of  
**OKLAHOMA CITY**

**NO: 868**

**DATE: JULY 5, 2016**

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

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

Combined sales and use taxes for the General Fund are \$17,597,595 or 6.7% below projections for the year.

### General Fund Sales Tax

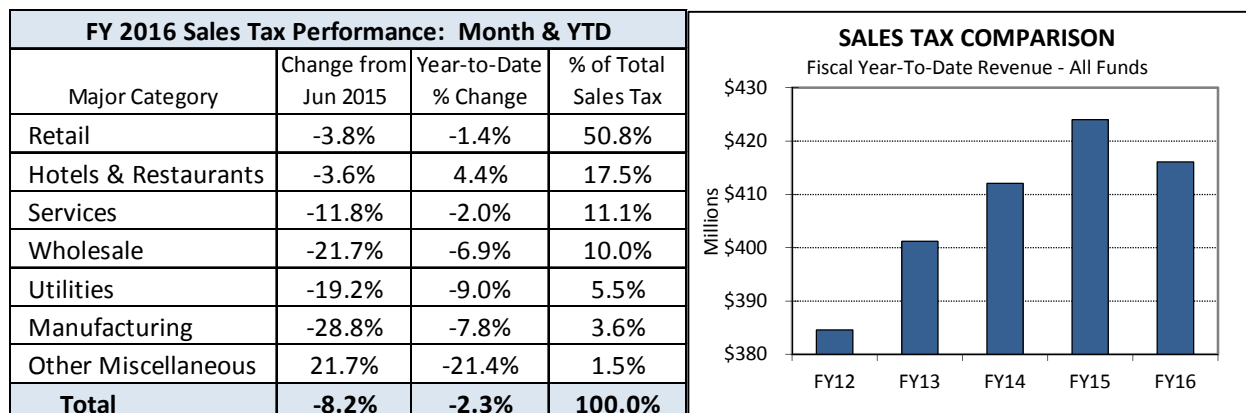
*Note: With the enactment of House Bill 1875 on July 1, 2015, the retention fee paid to the Oklahoma Tax Commission for collection of sales and use taxes decreased from 1% to 0.5%. Overall comparisons of sales tax will include the additional 0.5%, while comparisons of specific categories will not be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

General Fund sales tax revenues for June totaled \$16,367,220, which is:

- \$2,080,453 or 11.3% below projection for the month
- \$1,364,044 or 7.7% below FY 2015 revenues for the month

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

Overall sales tax revenues are down 8.2% this month. This month's decline was widespread among all major industries. It was also widespread for other cities as three-quarters of the top twenty cities reported declines this month. For the fiscal year as a whole, it was the decline in the oil & gas industry that significantly contributed to the 2.3% decrease from Fiscal Year 2015.



City Comparison		
City	Change from Jun 2015	Year-to-Date % Change
Oklahoma City	-7.7%	-1.9%
Tulsa	-3.5%	0.6%
Norman *	-5.0%	1.7%
Edmond	-3.9%	1.1%
Moore	4.4%	6.3%
Midwest City	1.1%	0.7%
Yukon	-5.1%	8.3%

*\* Rates are normalized to account for rate changes*

### Comparison to Other Cities

Oklahoma City's sales tax growth was one of the lowest of the comparison cities and was the only one to decline this fiscal year. Most major cities reported drops in sales tax this month but still managed to finish the year above last year. The significant oil & gas presence in Oklahoma City is likely responsible for the city's lesser performance this fiscal year.

### Retail

- General Merchandise – While the majority failed to improve upon last year's sales, a few of the larger retailers did well this month and helped carry the category.
- Building Materials and Lawn & Garden – Most did not perform well. Only one-third of the top 25 retailers improved from last year.
- Apparel & Accessories – One retailer had a big going out of business sale last year, causing most of the decline.
- Miscellaneous Retail – A large payment last year from a medical related business and a small payment this year from an oil & gas related business contributed to the majority of this month's decrease.
- Auto Parts Supplies – Most did not do well, but a failure to remit by a large business and a low remittance by another caused half the decline.

FY 2016 Retail Sub-Category Performance: Month & YTD			
Retail Category	Change from Jun 2015	Year-to-Date % Change	% of Total Retail Sales
General Merchandise	4.0%	0.4%	22.9%
Building Materials and Lawn & Garden	-8.2%	4.5%	16.9%
Food Stores	-1.7%	1.0%	13.4%
Apparel & Accessories	-6.2%	-3.7%	10.1%
Electronics & Appliances	-3.2%	-8.9%	7.7%
Miscellaneous Retail	-18.9%	-19.2%	6.0%
Auto Parts & Supplies	-7.4%	0.5%	5.4%
Pharmacies & Health Stores	-4.4%	6.0%	5.0%
Furniture & Home	-10.0%	-4.6%	4.5%
Sporting Goods & Hobby Stores	1.7%	4.4%	4.1%
Convenience Stores	-1.4%	-0.6%	3.3%
Direct Sales	29.8%	1.0%	0.7%
<b>Total</b>	<b>-3.8%</b>	<b>-1.4%</b>	<b>100.0%</b>

Other Major Categories

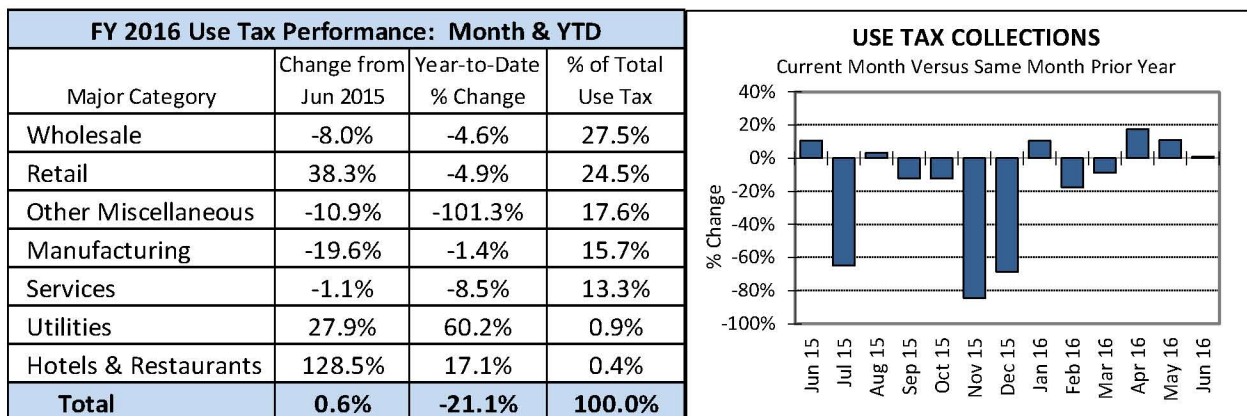
- Hotels & Restaurants decreased 3.6% from last year.
  - Eating & Drinking Establishments slipped 1.9% largely to the reclassification of one business.
  - Hotel sales were down 12.3% as only 39% of hotels reported sales increases this month.
- Services are down 11.8% with small payments this month from two major businesses causing much of the drop.
- Wholesale declined 21.7% on reduced sales by nearly 60% of taxpayers in the category.
- Utilities fell 19.2% as the price of gas and electricity has fallen in recent months.
- Manufacturing sank 28.8%. Most manufacturers were down. A big payment last year and a refund this year from one manufacturer contributed to half of the drop.
- Other Miscellaneous increased 21.7% mainly due to a large increase in the number of businesses remitting this month in Non-Classified.

**General Fund Use Tax**

General Fund use tax revenues for June totaled \$2,948,948 which is:

- \$262,372 or 8.2% below projection for the month
- \$31,100 or 1.1% above FY 2015 revenues for the month

Use taxes increased 0.6% this month. A large payment by one retailer helped to offset losses in Wholesale, Other Miscellaneous, Manufacturing, and Services.



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

James D. Couch  
City Manager

**CITY OF OKLAHOMA CITY**  
**SALES TAX COLLECTIONS**  
*June 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	\$16,367,011	\$3,068,815	\$3,068,815	\$1,022,938	\$8,183,505	-	-	-	-	\$31,711,083
Reallocations	\$210	\$39	\$39	\$13	(\$12,899)	\$7,497	\$4,280	\$200	\$621	-
Adjusted Actual	\$16,367,220	\$3,068,854	\$3,068,854	\$1,022,951	\$8,170,606	\$7,497	\$4,280	\$200	\$621	\$31,711,083
Projection	\$18,447,673	\$3,458,939	\$3,458,939	\$1,152,980	\$9,322,738	-	-	-	-	\$35,841,268
+/- Projection	(\$2,080,453)	(\$390,085)	(\$390,085)	(\$130,028)	(\$1,152,131)	\$7,497	\$4,280	\$200	\$621	(\$4,130,185)
%+/- Projection	-11.3%	-11.3%	-11.3%	-11.3%	-12.4%	-	-	-	-	-11.5%
Prior Year Actual	\$17,731,264	\$3,324,612	\$3,324,612	\$1,108,204	\$8,860,575	\$418	\$3,562	\$145	\$844	\$34,354,237
+/- Prior Year	(\$1,364,044)	(\$255,758)	(\$255,758)	(\$85,253)	(\$689,969)	\$7,079	\$717	\$55	(\$223)	(\$2,643,154)
%+/- Prior Year	-7.7%	-7.7%	-7.7%	-7.7%	-7.8%	1695.2%	20.1%	38.0%	-26.4%	-7.7%
<b>Year-to-Date:</b>										
Actual	\$214,743,004	\$40,264,313	\$40,264,313	\$13,421,438	\$107,371,502	-	-	-	-	\$416,064,570
Reallocations	\$4,974	\$933	\$933	\$311	(\$110,697)	\$49,265	\$39,731	\$6,216	\$8,336	-
Adjusted Actual	\$214,747,978	\$40,265,246	\$40,265,246	\$13,421,749	\$107,260,805	\$49,265	\$39,731	\$6,216	\$8,336	\$416,064,570
Projection	\$223,989,023	\$41,997,942	\$41,997,942	\$13,999,314	\$111,994,512	-	-	-	-	\$433,978,733
+/- Projection	(\$9,241,045)	(\$1,732,696)	(\$1,732,696)	(\$577,565)	(\$4,733,707)	\$49,265	\$39,731	\$6,216	\$8,336	(\$17,914,163)
%+/- Projection	-4.1%	-4.1%	-4.1%	-4.1%	-4.2%	-	-	-	-	-4.1%
Prior Year Actual	\$218,837,333	\$41,032,000	\$41,032,000	\$13,677,333	\$109,316,999	\$37,052	\$40,881	\$3,719	\$12,847	\$423,990,164
+/- Prior Year	(\$4,089,355)	(\$766,754)	(\$766,754)	(\$255,585)	(\$2,056,195)	\$12,213	(\$1,150)	\$2,497	(\$4,511)	(\$7,925,594)
%+/- Prior Year	-1.9%	-1.9%	-1.9%	-1.9%	-1.9%	33.0%	-2.8%	67.1%	-35.1%	-1.9%
						(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**  
*June 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	\$2,948,948	\$1,025,721	-	-	-	-	\$3,974,669
Reallocations	(\$0)	\$368	(\$106)	(\$262)	-	-	-
Adjusted Actual	\$2,948,948	\$1,026,089	(\$106)	(\$262)	-	-	\$3,974,669
Projection	\$3,211,320	\$1,116,981	-	-	-	-	\$4,328,301
+/- Projection	(\$262,372)	(\$90,892)	(\$106)	(\$262)	-	-	(\$353,632)
%+/- Projection	-8.2%	-8.1%	-	-	-	-	-8.2%
Prior Year Actual	\$2,917,848	\$1,014,628	\$4	\$272	-	-	\$3,932,752
+/- Prior Year	\$31,100	\$11,461	(\$110)	(\$534)	-	-	\$41,918
%+/- Prior Year	1.1%	1.1%	-2711.9%	-196.5%	-	-	1.1%
<b>Year-to-Date:</b>							
Actual	\$30,014,720	\$10,439,903	-	-	-	-	\$40,454,623
Reallocations	\$286	(\$68,279)	\$10,799	\$56,486	\$348	\$361	-
Adjusted Actual	\$30,015,007	\$10,371,624	\$10,799	\$56,486	\$348	\$361	\$40,454,623
Projection	\$38,371,556	\$13,346,628	-	-	-	-	\$51,718,184
+/- Projection	(\$8,356,549)	(\$2,975,004)	\$10,799	\$56,486	\$348	\$361	(\$11,263,561)
%+/- Projection	-21.8%	-22.3%	-	-	-	-	-21.8%
Prior Year Actual	\$37,879,687	\$13,136,625	\$30,009	\$8,937	(\$46)	\$18	\$51,055,230
+/- Prior Year	(\$7,864,680)	(\$2,765,002)	(\$19,210)	\$47,548	\$394	\$343	(\$10,600,607)
%+/- Prior Year	-20.8%	-21.0%	-64.0%	532.0%	-857.33%	1915.02%	-20.8%
			(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.
- (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.
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