



City Manager Report

The City of
OKLAHOMA CITY

NO: 882

DATE: AUGUST 2, 2016

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: JULY 2016 SALES AND USE TAX COLLECTIONS

Combined sales and use taxes for the General Fund are \$608,032 or 2.9% 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.

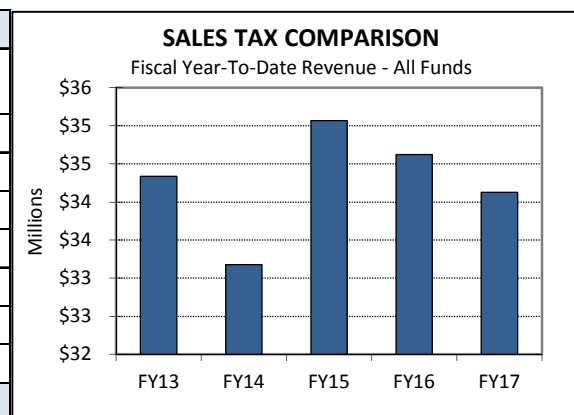
General Fund sales tax revenues for July totaled \$17,614,503, which is:

- \$165,493 or 0.9% below projection for the month
- \$254,840 or 1.4% below FY 2016 revenues for the month

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

Fiscal year 2016 ended down 1.9% and we begin fiscal year 2017 in much the same way, down 1.4%. Last year's story was the decline of the oil and gas industry. This year this industry continues to affect us as fewer dollars are circulating in Oklahoma City's economy. However, expectations are sales to begin leveling off and improving as the year progresses.

FY 2017 Sales Tax Performance: Month & YTD			
Major Category	Change from Jul 2015	Year-to-Date % Change	% of Total Sales Tax
Retail	-2.3%	-2.3%	50.9%
Hotels & Restaurants	0.8%	0.8%	17.4%
Services	0.3%	0.3%	11.3%
Wholesale	-9.2%	-9.2%	9.4%
Utilities	8.4%	8.4%	5.5%
Manufacturing	-15.3%	-15.3%	3.9%
Other Miscellaneous	12.0%	12.0%	1.6%
Total	-1.4%	-1.4%	100.0%



City Comparison		
City	Change from Jul 2015	Year-to-Date % Change
Oklahoma City	-1.4%	-1.4%
Tulsa	-2.3%	-2.3%
Norman *	0.3%	0.3%
Edmond	1.5%	1.5%
Moore	-2.4%	-2.4%
Midwest City	-1.5%	-1.5%
Yukon	-4.0%	-4.0%
<i>* Rates are normalized to account for rate changes</i>		

Comparison to Other Cities

Oklahoma City's sales tax growth was right in the middle when compared to the top 20 largest cities in Oklahoma. The majority of major cities started the new fiscal year down slightly from how they started last year. Edmond and Norman were the only two metro comparison cities to report growth to begin the new fiscal year.

Retail

- General Merchandise – Sales were down slightly for the majority of retailers this month.
- Building Materials and Lawn & Garden – While sales for most of the major retailers in the category were down, sales for the larger home improvement stores were strong this month.
- Food Stores – There were a couple of large payments last year that inflated last year's sales. Additionally, a majority of food stores reported declines from last year.
- Auto Parts Supplies – Sales were down for most auto part retailers.
- Miscellaneous Retail – There was a large refund last year that is influencing this year's growth rate. Sales would have been slightly up if the refund was netted out.
- Pharmacies & Health Stores – Most retailers reported improvements in sales from last year but a couple of the major retailers experienced notable declines.

FY 2017 Retail Sub-Category Performance: Month & YTD			
Retail Category	Change from Jul 2015	Year-to-Date % Change	% of Total Retail Sales
General Merchandise	-1.9%	-1.9%	23.1%
Building Materials and Lawn & Garden	2.1%	2.1%	15.6%
Food Stores	-11.9%	-11.9%	13.6%
Apparel & Accessories	1.8%	1.8%	10.5%
Electronics & Appliances	-2.8%	-2.8%	8.2%
Auto Parts & Supplies	-5.8%	-5.8%	5.6%
Miscellaneous Retail	11.5%	11.5%	5.5%
Pharmacies & Health Stores	-2.5%	-2.5%	4.8%
Furniture & Home	-15.6%	-15.6%	4.6%
Sporting Goods & Hobby Stores	4.5%	4.5%	4.5%
Convenience Stores	-2.9%	-2.9%	3.3%
Direct Sales	20.4%	20.4%	0.7%
Total	-2.3%	-2.3%	100.0%

Other Major Categories

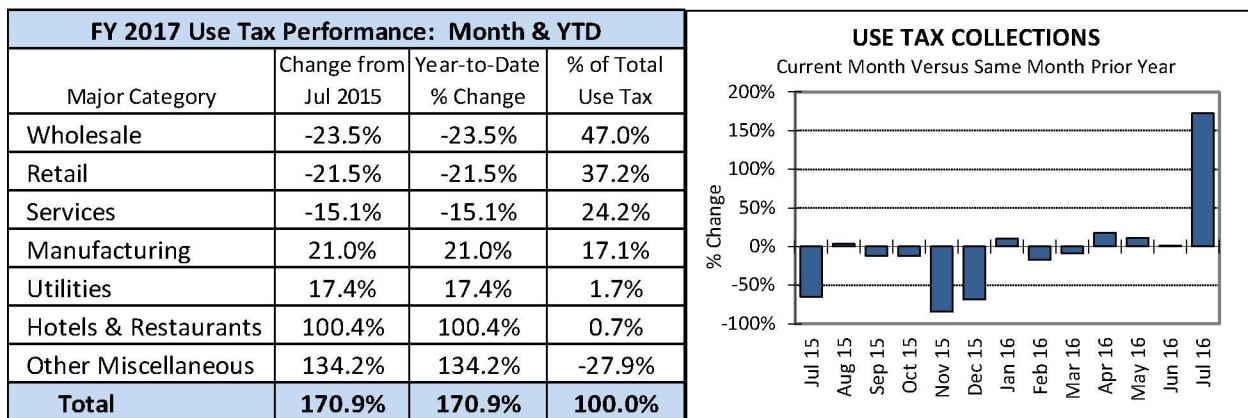
- Hotels & Restaurants grew 0.8% from last year.
 - Eating & Drinking Establishments increased 2.8%. Most were down, but a large payment from one business along with the addition of several new businesses helped.
 - Hotel sales were down 9.4% as only 31% of hotels reported sales increases this month.
- Services edged up 0.3%. Most in the category reported declines in sales, but a large payment from one business offset the decrease.
- Wholesale declined 9.2% with most wholesalers experienced weakening from last year.
- Utilities rose 8.4%. Electricity sales were up while natural gas sales remain down.
- Manufacturing sank 15.3%. A non-payment by a major manufacturer along with a low payment by another contributed to much of this month’s drop.
- Other Miscellaneous increased 12.0% 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 July totaled \$2,715,817 which is:

- \$442,539 or 14.0% below projection for the month
- \$1,718,218 or 172.2% above FY 2016 revenues for the month

Last year a refund of \$2.7 million was issued to a business that had been remitting taxes in error for years. Excluding the refund, use taxes would have been down 10.3%



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


 James D. Couch
 City Manager

CITY OF OKLAHOMA CITY
SALES TAX COLLECTIONS
July 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	\$17,614,737	\$3,302,763	\$3,302,763	\$1,100,921	\$8,807,369	-	-	-	-	\$34,128,554
Reallocations	(\$234)	(\$44)	(\$44)	(\$15)	(\$1,551)	\$974	\$1,340	(\$764)	\$339	322
Adjusted Actual	\$17,614,503	\$3,302,719	\$3,302,719	\$1,100,906	\$8,805,818	\$974	\$1,340	(\$764)	\$339	\$34,128,554
Projection	\$17,779,996	\$3,333,749	\$3,333,749	\$1,111,250	\$8,887,566	-	-	-	-	\$34,446,310
+/- Projection	(\$165,493)	(\$31,030)	(\$31,030)	(\$10,344)	(\$81,748)	\$974	\$1,340	(\$764)	\$339	(\$317,756)
%+/- Projection	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-	-	-	-	-0.9%
Prior Year Actual	\$17,869,343	\$3,350,502	\$3,350,502	\$1,116,834	\$8,932,227	\$693	\$793	\$61	\$560	\$34,621,515
+/- Prior Year	(\$254,840)	(\$47,783)	(\$47,783)	(\$15,928)	(\$126,410)	\$280	\$547	(\$825)	(\$221)	(\$492,961)
%+/- Prior Year	-1.4%	-1.4%	-1.4%	-1.4%	-1.4%	40.4%	69.0%	-1346.8%	-39.5%	-1.4%
Year-to-Date:										
Actual	\$17,614,737	\$3,302,763	\$3,302,763	\$1,100,921	\$8,807,369	-	-	-	-	\$34,128,554
Reallocations	(\$234)	(\$44)	(\$44)	(\$15)	(\$1,551)	\$974	\$1,340	(\$764)	\$339	322
Adjusted Actual	\$17,614,503	\$3,302,719	\$3,302,719	\$1,100,906	\$8,805,818	\$974	\$1,340	(\$764)	\$339	\$34,128,554
Projection	\$17,779,996	\$3,333,749	\$3,333,749	\$1,111,250	\$8,887,566	-	-	-	-	\$34,446,310
+/- Projection	(\$165,493)	(\$31,030)	(\$31,030)	(\$10,344)	(\$81,748)	\$974	\$1,340	(\$764)	\$339	(\$317,756)
%+/- Projection	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-	-	-	-	-0.9%
Prior Year Actual	\$17,869,343	\$3,350,502	\$3,350,502	\$1,116,834	\$8,932,227	\$693	\$793	\$61	\$560	\$34,621,515
+/- Prior Year	(\$254,840)	(\$47,783)	(\$47,783)	(\$15,928)	(\$126,410)	\$280	\$547	(\$825)	(\$221)	(\$492,961)
%+/- Prior Year	-1.4%	-1.4%	-1.4%	-1.4%	-1.4%	40.4%	69.0%	-1346.8%	-39.5%	-1.4%
						(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
July 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	\$2,715,813	\$944,631	-	-	-	-	\$3,660,443
Reallocations	\$4	\$99	(\$96)	(\$7)	-	-	-
Adjusted Actual	\$2,715,817	\$944,730	(\$96)	(\$7)	-	-	\$3,660,443
Projection	\$3,158,356	\$1,098,559	-	-	-	-	\$4,256,915
+/- Projection	(\$442,539)	(\$153,829)	(\$96)	(\$7)	-	-	(\$596,472)
%+/- Projection	-14.0%	-14.0%	-	-	-	-	-14.0%
Prior Year Actual	\$997,598	\$346,343	\$0	\$34	\$295	\$24	\$1,344,294
+/- Prior Year	\$1,718,218	\$598,386	(\$97)	(\$40)	(\$295)	(\$24)	\$2,316,149
%+/- Prior Year	172.2%	172.8%	-45957.1%	-119.8%	-100.00%	-100.00%	172.3%
Year-to-Date:							
Actual	\$2,715,813	\$944,631	-	-	-	-	\$3,660,443
Reallocations	\$4	\$99	(\$96)	(\$7)	-	-	-
Adjusted Actual	\$2,715,817	\$944,730	(\$96)	(\$7)	-	-	\$3,660,443
Projection	\$3,158,356	\$1,098,559	-	-	-	-	\$4,256,915
+/- Projection	(\$442,539)	(\$153,829)	(\$96)	(\$7)	-	-	(\$596,472)
%+/- Projection	-14.0%	-14.0%	-	-	-	-	-14.0%
Prior Year Actual	\$997,598	\$346,343	\$0	\$34	\$295	\$24	\$1,344,294
+/- Prior Year	\$1,718,218	\$598,386	(\$97)	(\$40)	(\$295)	(\$24)	\$2,316,149
%+/- Prior Year	172.2%	172.8%	-45957.1%	-119.8%	-100.00%	-100.00%	172.3%
			(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.
- (3) The sales and use tax retention fee has changed from 1% of total collections to 0.5% of total collections beginning August 2015.