



# City Manager Report

## The City of OKLAHOMA CITY

**NO: 921**

**DATE: OCTOBER 25, 2016**

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

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

Combined sales and use taxes for the General Fund are \$5,181,151 or 6.0% below projections for the year.

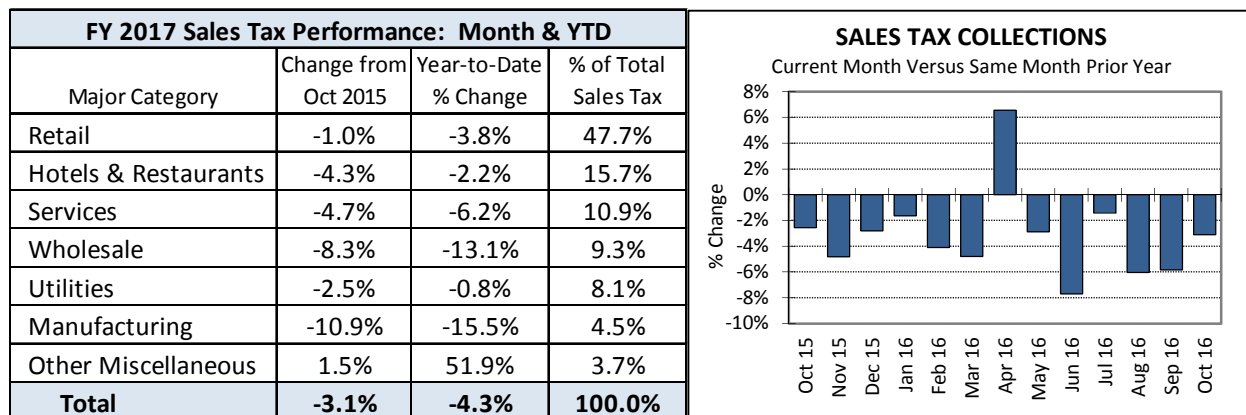
### General Fund Sales Tax

General Fund sales tax revenues for October totaled \$17,735,329, which is:

- \$934,854 or 5.0% below projection for the month
- \$568,772 or 3.1% below FY 2016 revenues for the month

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

Sales tax revenues have been down twelve out of the last thirteen months. Of the seven major sales tax categories, only Other Miscellaneous improved from last year. The decline in spending is being felt across all industries. Over the last six months, the average monthly reduction in sales tax collections has been \$1.6 million dollars. The decrease in sales tax collections is consistent with the lower collections for a majority of the municipalities in the state.



City Comparison		
City	Change from Oct 2015	Year-to-Date % Change
Oklahoma City	-3.1%	-4.1%
Tulsa	-1.1%	-1.3%
Norman *	-2.6%	-3.9%
Edmond	-2.8%	-3.0%
Moore	-0.4%	-1.9%
Midwest City	-5.9%	-4.0%
Yukon	0.7%	-5.1%
* Rates are normalized to account for rate changes		

### Comparison to Other Cities

Sales tax collections for most metro cities continue to be below last year's levels. Through the fourth month of fiscal year 2017, only four out of the top twenty cities in the state have seen an increase in sales tax revenue. Of those four, two cities have seen an improvement due to an increase in their sales tax rate.

### Retail

- General Merchandise – Sales were down for most major retailers.
- Building Materials and Lawn & Garden – Many of the retailers in this category experienced declines in sales from last year.
- Food Stores – Most food stores did not do as well as they did last year.
- Electronics & Appliances – While the majority of retailers were down, a couple of retailers submitted large payments this month and are responsible for this month's increase.
- Miscellaneous Retail – One business remitted a very large payment last year that inflated last year's sales and caused this year's decline.
- Sporting Goods & Hobby Stores – One major retailer made an error and essentially double paid their tax this month. It should be corrected next month.
- Pharmacies & Health Stores – Last year, one business received a large refund. That refund deflated last year's sales and is responsible for most of this month's growth.

FY 2017 Retail Sub-Category Performance: Month & YTD			
Retail Category	Change from Oct 2015	Year-to-Date % Change	% of Total Retail Sales
General Merchandise	-3.0%	-1.4%	22.9%
Building Materials and Lawn & Garden	-6.4%	-9.9%	15.3%
Food Stores	-9.8%	-9.7%	13.4%
Apparel & Accessories	3.6%	0.2%	9.6%
Electronics & Appliances	11.0%	-5.3%	8.6%
Auto Parts & Supplies	3.4%	-4.9%	5.9%
Miscellaneous Retail	-7.5%	-4.4%	5.6%
Sporting Goods & Hobby Stores	8.6%	7.3%	5.3%
Furniture & Home	-0.8%	-3.2%	4.7%
Pharmacies & Health Stores	20.4%	7.1%	4.5%
Convenience Stores	-6.3%	-4.8%	3.4%
Direct Sales	15.7%	13.4%	0.7%
<b>Total</b>	<b>-1.0%</b>	<b>-3.8%</b>	<b>100.0%</b>

Other Major Categories

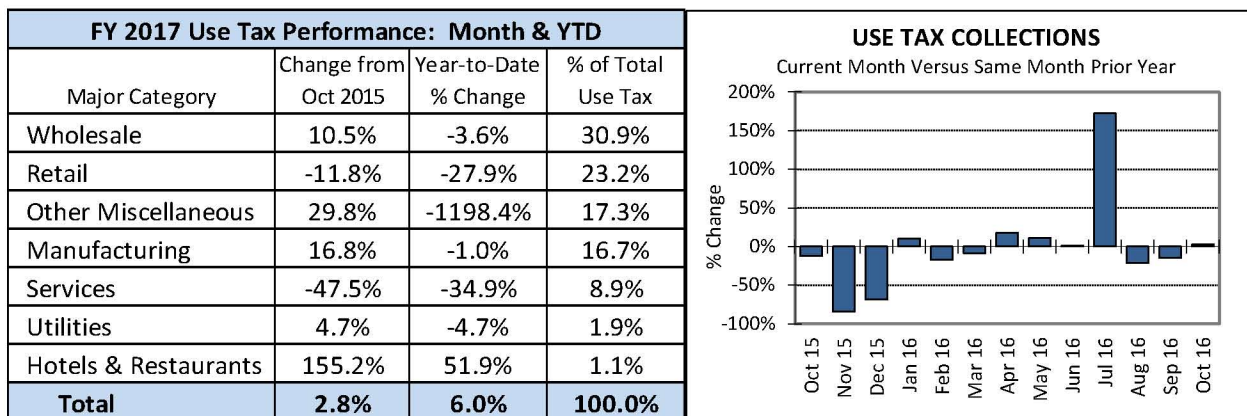
- Hotels & Restaurants were both down from last year.
  - Eating & Drinking Establishments decreased 2.9%. A non-payment this month from a major restaurant chain caused part of the decrease.
  - Hotel sales were down 11.9% with nearly three-quarters of hotels reporting declines.
- Services declined 4.7%. A notable reduction in the Real Estate Rental & Leasing subcategory caused the majority of the decline.
- Wholesale fell 8.3% with most wholesalers reporting decreases in sales from last year.
- Utilities slipped 2.5%. Sales were fairly normal. Gas sales were impacted the most.
- Manufacturing dropped 10.9%. Most manufacturers did not do as well as last year. Sales have been down in Manufacturing for the last seven months.
- Other Miscellaneous rose 1.5%. The recent increase in the number of taxpayers that were remitting under Non-Classified has now been corrected.

**General Fund Use Tax**

General Fund use tax revenues for October totaled \$2,691,059 which is:

- \$467,297 or 14.8% below projection for the month
- \$72,856 or 2.8% above FY 2016 revenues for the month

This month’s use tax collections were up 2.8% with improved collections from most categories. A large refund hindered growth this month. Netting out the refund growth would be 12.4%.



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

  
 James D. Couch  
 City Manager

**CITY OF OKLAHOMA CITY**  
**SALES TAX COLLECTIONS**  
*October 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	\$17,735,227	\$3,325,355	\$3,325,355	\$1,108,452	\$8,867,613	-	-	-	-	\$34,362,002
Reallocations	\$102	\$19	\$19	\$6	(\$15,478)	\$84	\$15,110	(\$6)	\$143	-
Adjusted Actual	\$17,735,329	\$3,325,374	\$3,325,374	\$1,108,458	\$8,852,136	\$84	\$15,110	(\$6)	\$143	\$34,362,002
Projection	\$18,670,183	\$3,500,659	\$3,500,659	\$1,166,886	\$9,329,313	-	-	-	-	\$36,167,700
+/- Projection	(\$934,854)	(\$175,285)	(\$175,285)	(\$58,428)	(\$477,177)	\$84	\$15,110	(\$6)	\$143	(\$1,805,698)
%+/- Projection	-5.0%	-5.0%	-5.0%	-5.0%	-5.1%	-	-	-	-	-5.0%
Prior Year Actual	\$18,304,101	\$3,432,019	\$3,432,019	\$1,144,006	\$9,146,385	\$398	\$4,339	\$6	\$887	\$35,464,160
+/- Prior Year	(\$568,772)	(\$106,645)	(\$106,645)	(\$35,548)	(\$294,249)	(\$314)	\$10,771	(\$12)	(\$744)	(\$1,102,158)
%+/- Prior Year	-3.1%	-3.1%	-3.1%	-3.1%	-3.2%	-78.9%	248.2%	-206.4%	-83.9%	-3.1%
<b>Year-to-Date:</b>										
Actual	\$70,454,506	\$13,210,220	\$13,210,220	\$4,403,407	\$35,227,253	-	-	-	-	\$136,505,606
Reallocations	\$37	\$7	\$7	\$2	(\$24,087)	\$3,756	\$19,715	(\$644)	\$1,206	-
Adjusted Actual	\$70,454,543	\$13,210,227	\$13,210,227	\$4,403,409	\$35,203,166	\$3,756	\$19,715	(\$644)	\$1,206	\$136,505,606
Projection	\$73,585,376	\$13,797,258	\$13,797,258	\$4,599,086	\$36,778,205	-	-	-	-	\$142,557,183
+/- Projection	(\$3,130,833)	(\$587,031)	(\$587,031)	(\$195,677)	(\$1,575,039)	\$3,756	\$19,715	(\$644)	\$1,206	(\$6,051,577)
%+/- Projection	-4.3%	-4.3%	-4.3%	-4.3%	-4.3%	-	-	-	-	-4.2%
Prior Year Actual	\$73,495,250	\$13,780,359	\$13,780,359	\$4,593,453	\$36,733,211	\$3,536	\$5,900	\$503	\$3,181	\$142,395,753
+/- Prior Year	(\$3,040,707)	(\$570,133)	(\$570,133)	(\$190,044)	(\$1,530,045)	\$220	\$13,815	(\$1,146)	(\$1,974)	(\$5,890,147)
%+/- Prior Year	-4.1%	-4.1%	-4.1%	-4.1%	-4.2%	6.2%	234.2%	-228.0%	-62.1%	-4.1%
						(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**  
*October 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	\$2,691,059	\$936,020	-	-	-	-	\$3,627,079
Reallocations	(\$0)	(\$34)	\$27	\$1	-	\$7	-
Adjusted Actual	\$2,691,059	\$935,986	\$27	\$1	-	\$7	\$3,627,079
Projection	\$3,158,356	\$1,098,559	-	-	-	-	\$4,256,915
+/- Projection	(\$467,297)	(\$162,573)	\$27	\$1	-	\$7	(\$629,836)
%+/- Projection	-14.8%	-14.8%	-	-	-	-	-14.8%
Prior Year Actual	\$2,618,202	\$911,304	(\$424)	(\$202)	\$2	-	\$3,528,882
+/- Prior Year	\$72,856	\$24,683	\$451	\$202	(\$2)	\$7	\$98,197
%+/- Prior Year	2.8%	2.7%	-106.3%	-100.2%	-100.00%	-	2.8%
<b>Year-to-Date:</b>							
Actual	\$10,583,102	\$3,681,079	-	-	-	-	\$14,264,181
Reallocations	\$4	(\$525)	(\$74)	\$586	-	\$9	-
Adjusted Actual	\$10,583,106	\$3,680,554	(\$74)	\$586	-	\$9	\$14,264,181
Projection	\$12,633,424	\$4,394,236	-	-	-	-	\$17,027,660
+/- Projection	(\$2,050,318)	(\$713,682)	(\$74)	\$586	-	\$9	(\$2,763,479)
%+/- Projection	-16.2%	-16.2%	-	-	-	-	-16.2%
Prior Year Actual	\$9,978,929	\$3,415,577	(\$87)	\$54,818	\$296	\$32	\$13,449,567
+/- Prior Year	\$604,177	\$264,977	\$13	(\$54,232)	(\$296)	(\$23)	\$814,615
%+/- Prior Year	6.1%	7.8%	-14.5%	-98.9%	-100.00%	-71.32%	6.1%
			(1)	(1)	(1)	(1)	(2) & (3)

**NOTES:**

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