



City Manager Report

The City of
OKLAHOMA CITY

NO: 956

DATE: JANUARY 3, 2017

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: DECEMBER 2016 SALES AND USE TAX COLLECTIONS

Combined sales and use taxes for the General Fund are \$7,922,388 or 6.2% below projections for the year.

General Fund Sales Tax

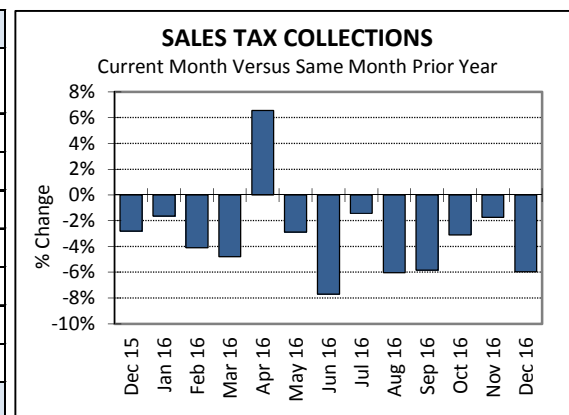
General Fund sales tax revenues for December totaled \$16,944,278, which is:

- \$1,434,782 or 7.8% below projection for the month
- \$1,074,409 or 6.0% below FY 2016 revenues for the month

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

Sales tax collections continue to fall below projections and below last year's levels. Collections have been down fourteen out of the last fifteen months. The downturn in the oil and gas industry has played a role in the long-term slide in sales tax revenues; however, about a third of this month's decrease in sales tax revenue is the result of an unusually large payment last year by a utility. The utility underpaid their tax in November of last year and then in December they corrected the underpayment causing last year's utility sales to be inflated.

FY 2017 Sales Tax Performance: Month & YTD			
Major Category	Change from Dec 2015	Year-to-Date % Change	% of Total Sales Tax
Retail	-4.4%	-3.7%	50.6%
Hotels & Restaurants	2.5%	-0.4%	16.5%
Services	-2.0%	-5.8%	10.7%
Wholesale	-14.4%	-12.5%	10.1%
Utilities	-28.5%	1.1%	7.0%
Manufacturing	14.7%	-16.4%	3.9%
Other Miscellaneous	-42.9%	24.1%	1.3%
Total	-6.0%	-4.1%	100.0%



City Comparison		
City	Change from Dec 2015	Year-to-Date % Change
Oklahoma City	-6.0%	-4.1%
Tulsa	-6.5%	-2.1%
Norman *	-6.6%	-3.9%
Edmond	1.1%	-2.1%
Moore	-3.9%	-1.6%
Midwest City	-6.1%	-2.7%
Yukon	-10.2%	-6.2%

** Rates are normalized to account for rate changes*

Comparison to Other Cities

Sales tax collections were down for most of the Oklahoma City metro as well as for Tulsa. The average decline for the top twenty cities in Oklahoma was 5.9%. Edmond was the only one of the top twenty cities, after adjusting for rate changes, to realize a year-over-year sales tax increase.

Retail

- General Merchandise – Despite decreases by the majority of major retailers, sales were up largely due to the recent opening of a new store by a large retailer.
- Food Stores – Sales were down for most food stores this month.
- Apparel & Accessories – Nearly 60% of retailers reported declines in sales from last year.
- Miscellaneous Retail – Most retailers did not perform well this month. Sales were up due to a few major retailers remitting large payments this month.
- Pharmacies & Health Stores – While most were down, the majority of the decline is due to large payments made last year by a couple of retailers.
- Furniture & Home – Sales were generally flat, but large payments from two retailers last year caused the decline in sales this month.
- Sporting Goods & Hobby Stores – Sales were down for most retailers.

FY 2017 Retail Sub-Category Performance: Month & YTD			
Retail Category	Change from Dec 2015	Year-to-Date % Change	% of Total Retail Sales
General Merchandise	1.6%	-0.4%	25.0%
Building Materials and Lawn & Garden	-3.8%	-9.0%	15.0%
Food Stores	-6.9%	-7.5%	13.0%
Apparel & Accessories	-8.6%	-2.0%	10.8%
Electronics & Appliances	-7.9%	-5.1%	7.9%
Miscellaneous Retail	16.0%	-2.1%	5.5%
Auto Parts & Supplies	-5.7%	-5.5%	5.5%
Pharmacies & Health Stores	-9.3%	2.2%	4.7%
Furniture & Home	-16.1%	-5.3%	4.6%
Sporting Goods & Hobby Stores	-20.7%	1.8%	4.2%
Convenience Stores	-4.4%	-4.8%	3.1%
Direct Sales	14.5%	13.6%	0.7%
Total	-4.4%	-3.7%	100.0%

Other Major Categories

- Hotels & Restaurants were up 2.5% from last year.
 - Eating & Drinking Establishments rose 3.2%. Overall growth was generally flat. The increase this month was primarily due to large payments from two businesses.
 - Hotel sales were only down 1.2% despite nearly two-thirds of hotels reporting declines.
- Services slipped 2.0%. Three of the four largest subcategories in Services were down.
- Wholesale declined 14.4% as most wholesalers did not perform as well as they did last year.
- Utilities dropped 28.5%. A significant underpayment in November 2015 by a major utility was paid in December 2015. The payment inflated last year’s sales and caused the decrease.
- Manufacturing rose 14.7%. Most of the subcategories of Manufacturing did well this month, but much of the growth stems from a couple of large refunds that were paid out last year.
- Other Miscellaneous fell 42.9% largely due to the proper classification of businesses that were previously unclassified and listed under the Non-Classified subcategory.

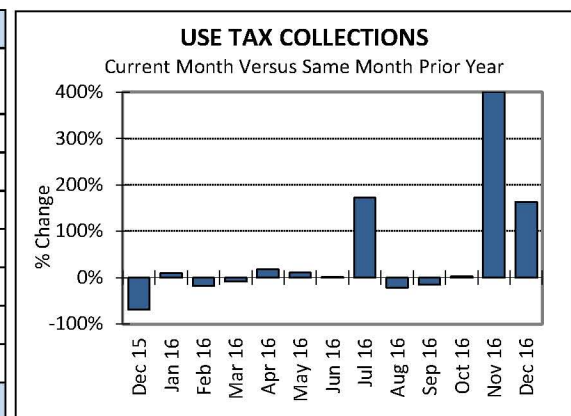
General Fund Use Tax

General Fund use tax revenues for December totaled \$2,854,489 which is:

- \$303,867 or 9.6% below projection for the month
- \$1,770,337 or 163.3% above FY 2016 revenues for the month

This month’s use tax collections were up 163.2% due to a large \$2.6 million dollar refund paid out last year to an oil and gas related business that had been paying tax to OKC in error for some time. Netting out the impact of the refund, use tax revenues would have been down 5.2%.

FY 2017 Use Tax Performance: Month & YTD			
Major Category	Change from Dec 2015	Year-to-Date % Change	% of Total Use Tax
Wholesale	9.6%	-8.3%	39.4%
Retail	-15.8%	-22.4%	37.9%
Services	2.0%	-17.2%	22.0%
Other Miscellaneous	137.0%	187.7%	-21.6%
Manufacturing	7.1%	-2.1%	18.8%
Utilities	-67.6%	-15.1%	2.9%
Hotels & Restaurants	-11.9%	26.5%	0.7%
Total	163.2%	39.7%	100.0%



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

James D. Couch
City Manager

CITY OF OKLAHOMA CITY
SALES TAX COLLECTIONS
December 2016

	General Fund	Police Public Safety	Fire Public Safety	Zoo	MAPS 3	Sports Facilities Improvement	MAPS for Kids	Police/Fire Equipment	MAPS	Total Sales Tax
Current Month:										
Actual	\$16,944,272	\$3,177,051	\$3,177,051	\$1,059,017	\$8,472,136	-	-	-	-	\$32,829,527
Reallocations	\$6	\$1	\$1	\$0	(\$1,471)	\$138	\$716	\$108	\$501	-
Adjusted Actual	\$16,944,278	\$3,177,052	\$3,177,052	\$1,059,017	\$8,470,665	\$138	\$716	\$108	\$501	\$32,829,527
Projection	\$18,379,060	\$3,446,074	\$3,446,074	\$1,148,691	\$9,191,064	-	-	-	-	\$35,610,963
+/- Projection	(\$1,434,782)	(\$269,022)	(\$269,022)	(\$89,674)	(\$720,399)	\$138	\$716	\$108	\$501	(\$2,781,436)
%+/- Projection	-7.8%	-7.8%	-7.8%	-7.8%	-7.8%	-	-	-	-	-7.8%
Prior Year Actual	\$18,018,687	\$3,378,504	\$3,378,504	\$1,126,168	\$9,010,847	\$980	(\$3,551)	\$77	\$997	\$34,911,211
+/- Prior Year	(\$1,074,409)	(\$201,452)	(\$201,452)	(\$67,151)	(\$540,182)	(\$842)	\$4,267	\$31	(\$496)	(\$2,081,685)
%+/- Prior Year	-6.0%	-6.0%	-6.0%	-6.0%	-6.0%	-85.9%	-120.2%	40.3%	-49.8%	-6.0%
Year-to-Date:										
Actual	\$104,620,064	\$19,616,262	\$19,616,262	\$6,538,754	\$52,310,032	-	-	-	-	\$202,701,373
Reallocations	\$49	\$9	\$9	\$3	(\$26,032)	\$3,526	\$20,769	(\$490)	\$2,157	-
Adjusted Actual	\$104,620,113	\$19,616,271	\$19,616,271	\$6,538,757	\$52,284,000	\$3,526	\$20,769	(\$490)	\$2,157	\$202,701,373
Projection	\$109,843,977	\$20,595,746	\$20,595,746	\$6,865,248	\$54,895,878	-	-	-	-	\$212,796,595
+/- Projection	(\$5,223,864)	(\$979,475)	(\$979,475)	(\$326,491)	(\$2,611,878)	\$3,526	\$20,769	(\$490)	\$2,157	(\$10,095,222)
%+/- Projection	-4.8%	-4.8%	-4.8%	-4.8%	-4.8%	-	-	-	-	-4.7%
Prior Year Actual	\$109,042,899	\$20,445,544	\$20,445,544	\$6,815,181	\$54,495,635	\$7,924	\$11,939	\$199	\$4,781	\$211,269,645
+/- Prior Year	(\$4,422,786)	(\$829,272)	(\$829,272)	(\$276,424)	(\$2,211,636)	(\$4,398)	\$8,830	(\$690)	(\$2,624)	(\$8,568,272)
%+/- Prior Year	-4.1%	-4.1%	-4.1%	-4.1%	-4.1%	-55.5%	74.0%	-346.2%	-54.9%	-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
December 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	\$2,854,489	\$992,866	-	-	-	-	\$3,847,355
Reallocations	\$0	(\$323)	\$274	\$49	-	-	-
Adjusted Actual	\$2,854,489	\$992,543	\$274	\$49	-	-	\$3,847,355
Projection	\$3,158,356	\$1,098,559	-	-	-	-	\$4,256,915
+/- Projection	(\$303,867)	(\$106,016)	\$274	\$49	-	-	(\$409,560)
%+/- Projection	-9.6%	-9.7%	-	-	-	-	-9.6%
Prior Year Actual	\$1,084,152	\$371,006	\$2,195	\$3,892	\$3	-	\$1,461,248
+/- Prior Year	\$1,770,337	\$621,536	(\$1,921)	(\$3,842)	(\$3)	-	\$2,386,106
%+/- Prior Year	163.3%	167.5%	-87.5%	-98.7%	-100.00%	-	163.3%
Year-to-Date:							
Actual	\$16,251,609	\$5,652,733	-	-	-	-	\$21,904,342
Reallocations	\$4	(\$1,050)	\$201	\$836	-	\$9	-
Adjusted Actual	\$16,251,612	\$5,651,684	\$201	\$836	-	\$9	\$21,904,342
Projection	\$18,950,136	\$6,591,354	-	-	-	-	\$25,541,490
+/- Projection	(\$2,698,524)	(\$939,670)	\$201	\$836	-	\$9	(\$3,637,148)
%+/- Projection	-14.2%	-14.3%	-	-	-	-	-14.2%
Prior Year Actual	\$11,626,269	\$3,982,336	\$1,809	\$58,823	\$294	\$361	\$15,669,892
+/- Prior Year	\$4,625,344	\$1,669,348	(\$1,609)	(\$57,987)	(\$294)	(\$352)	\$6,234,450
%+/- Prior Year	39.8%	41.9%	-88.9%	-98.6%	-100.00%	-97.45%	39.8%
			(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.
- (3) The sales and use tax retention fee has changed from 1% of total collections to 0.5% of total collections beginning August 2015.