



City Manager Report

The City of
OKLAHOMA CITY

NO: 983

DATE: FEBRUARY 28, 2017

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: FEBRUARY 2017 SALES AND USE TAX COLLECTIONS

Combined sales and use taxes for the General Fund are \$3,438,058 or 2.1% below projections for the year.

General Fund Sales Tax

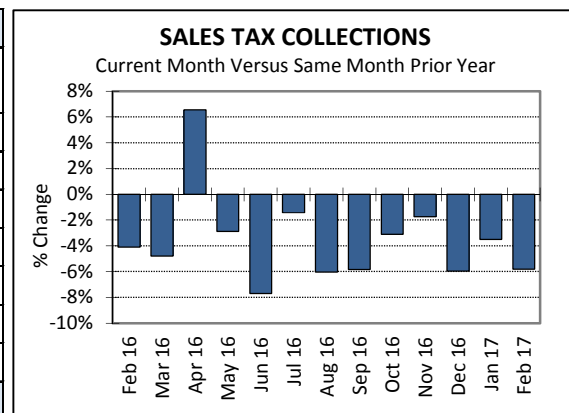
General Fund sales tax revenues for February totaled \$18,143,318, which is:

- \$733,364 or 3.9% below projection for the month
- \$1,118,602 or 5.8% below FY 2016 revenues 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.

Sales tax collections this month were below the year-to-date average. This marks the sixteenth month out of the last seventeen months for sales tax revenues to be down. The only major category to experience growth this month was Manufacturing. For Retail, the only subcategory to experience growth this month was Auto Parts & Supplies. Although the oil and gas industry has impacted sales tax collections over the last couple of years, a recent increase in oil prices and improving rig counts may be an indicator the industry is improving. There are, however, indications collections may also be affected by an overall downturn in Oklahoma's economy and by an increase in online sales.

FY 2017 Sales Tax Performance: Month & YTD			
Major Category	Change from Feb 2016	Year-to-Date % Change	% of Total Sales Tax
Retail	-5.2%	-3.7%	53.8%
Hotels & Restaurants	-1.7%	-0.3%	15.2%
Services	-12.7%	-7.2%	10.4%
Wholesale	-9.9%	-10.7%	8.6%
Utilities	-1.6%	-0.6%	6.6%
Manufacturing	1.4%	-13.7%	4.3%
Other Miscellaneous	-34.6%	9.7%	1.2%
Total	-5.8%	-4.3%	100.0%



City Comparison		
City	Change from Feb 2016	Year-to-Date % Change
Oklahoma City	-5.8%	-4.2%
Tulsa	-2.3%	-1.9%
Norman *	3.3%	-3.7%
Edmond	-2.3%	-1.9%
Moore	-6.0%	-1.9%
Midwest City	-3.6%	-2.5%
Yukon	-10.6%	-5.0%
* Rates are normalized to account for rate changes		

Comparison to Other Cities

Sales were down for most major cities this month. Most of the top 20 cities were relatively close in their year-over-year performance. Part of Yukon's 10.6% decline was the result of a redistribution of sales tax from a few retailers near the Oklahoma City limits that were incorrectly remitting tax to Yukon when they should have been remitting to Oklahoma City.

Retail

- General Merchandise – Most major general merchandisers did not perform well this month.
- Apparel & Accessories – Sales were down across the board.
- Building Materials and Lawn & Garden – Sales were down for the majority of retailers. The overall decline, however, was largely offset by the inclusion of a large business that was reclassified from Manufacturing during the last year.
- Electronics & Appliances – While a number of businesses in this category improved from last year, most of major retailers did not.
- Miscellaneous Retail – Sales were down overall, but three businesses were responsible for most of the decline.
- Auto Parts & Supplies – This was the lone positive growth retail category this month. Most businesses experienced good growth this month.

FY 2017 Retail Sub-Category Performance: Month & YTD			
Retail Category	Change from Feb 2016	Year-to-Date % Change	% of Total Retail Sales
General Merchandise	-2.5%	-0.7%	25.7%
Apparel & Accessories	-12.7%	-3.2%	13.4%
Food Stores	-2.8%	-6.7%	12.7%
Building Materials and Lawn & Garden	-0.3%	-7.2%	11.1%
Electronics & Appliances	-18.6%	-6.2%	8.6%
Sporting Goods & Hobby Stores	-2.9%	-2.5%	6.5%
Miscellaneous Retail	-8.7%	-4.3%	5.2%
Pharmacies & Health Stores	-0.2%	2.1%	4.8%
Auto Parts & Supplies	13.2%	-2.5%	4.6%
Furniture & Home	-7.9%	-5.3%	4.3%
Convenience Stores	-6.6%	-5.6%	2.5%
Direct Sales	-10.8%	9.2%	0.7%
Total	-5.2%	-3.7%	100.0%

Other Major Categories

- Hotels & Restaurants contracted 1.7% from last year.
 - Eating & Drinking Establishments receded 1.2%. Collections were helped by the reallocation of sales tax from two restaurants that were being remitted to a neighboring city incorrectly.
 - Hotel sales dipped 5.3% with only 40% of hotels reporting gains in sales.
- Services fell 12.7% with eight of the ten subcategories of Services reporting declines.
- Wholesale decreased 9.9%. Two wholesalers were responsible for most of the decrease.
- Utilities slipped 1.6%. Gas sales were up while sales of electricity were down.
- Manufacturing rose 1.4%. Growth in Fabricated Metals and General Purpose Machinery was partially offset by declines in Nonmetallic Minerals.
- Other Miscellaneous sank 34.6% largely due to the proper classification of businesses that were previously unclassified and listed under the Non-Classified subcategory.

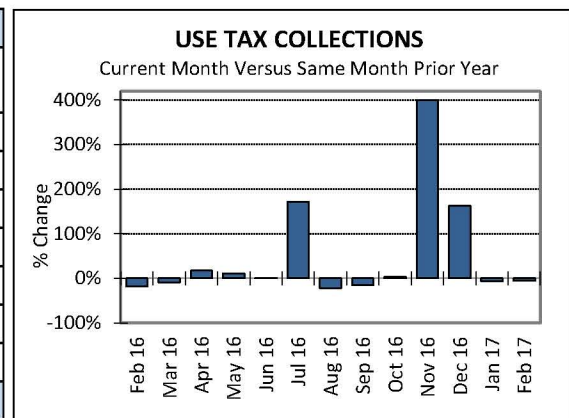
General Fund Use Tax

General Fund use tax revenues for January totaled \$3,526,980 which is:

- \$368,624 or 11.7% above projection for the month
- \$197,835 or 5.3% below FY 2016 revenues for the month

This year’s 5.3% decline in use tax is in part due to some very large payments that were received last year from several businesses.

FY 2017 Use Tax Performance: Month & YTD			
Major Category	Change from Feb 2016	Year-to-Date % Change	% of Total Use Tax
Wholesale	2.0%	-7.2%	29.9%
Retail	4.7%	-18.0%	22.5%
Other Miscellaneous	-11.6%	-286.1%	18.3%
Manufacturing	-15.5%	-4.1%	15.9%
Services	0.0%	-10.3%	11.7%
Utilities	-82.6%	-21.1%	1.3%
Hotels & Restaurants	-53.5%	6.5%	0.4%
Total	-5.3%	22.6%	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
February 2017

	<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	\$18,143,611	\$3,401,927	\$3,401,927	\$1,133,976	\$9,071,805	-	-	-	-	\$35,153,246
Reallocations	(\$292)	(\$55)	(\$55)	(\$18)	(\$61)	\$7	\$666	(\$494)	\$301	402
Adjusted Actual	\$18,143,318	\$3,401,872	\$3,401,872	\$1,133,957	\$9,071,744	\$7	\$666	(\$494)	\$301	\$35,153,246
Projection	\$18,876,682	\$3,719,958	\$3,719,958	\$1,239,986	\$9,908,729	-	-	-	-	\$37,465,313
+/- Projection	(\$733,364)	(\$318,086)	(\$318,086)	(\$106,029)	(\$836,985)	\$7	\$666	(\$494)	\$301	(\$2,312,067)
%+/- Projection	-3.9%	-8.6%	-8.6%	-8.6%	-8.4%	-	-	-	-	-6.2%
Prior Year 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
+/- Prior Year	(\$1,118,602)	(\$209,738)	(\$209,738)	(\$69,913)	(\$548,381)	(\$3,271)	(\$2,964)	(\$3,037)	(\$453)	(\$2,166,097)
%+/- Prior Year	-5.8%	-5.8%	-5.8%	-5.8%	-5.7%	-99.8%	-81.6%	-119.4%	-60.0%	-5.8%
Year-to-Date:										
Actual	\$140,423,062	\$26,329,324	\$26,329,324	\$8,776,441	\$70,211,531	-	-	-	-	\$272,069,684
Reallocations	(\$222)	(\$42)	(\$42)	(\$14)	(\$26,879)	\$3,555	\$21,710	(\$926)	\$2,858	306
Adjusted Actual	\$140,422,840	\$26,329,282	\$26,329,282	\$8,776,427	\$70,184,653	\$3,555	\$21,710	(\$926)	\$2,858	\$272,069,684
Projection	\$141,434,898	\$27,850,621	\$27,850,621	\$9,283,540	\$74,192,537	-	-	-	-	\$280,612,217
+/- Projection	(\$1,012,058)	(\$1,521,339)	(\$1,521,339)	(\$507,113)	(\$4,007,884)	\$3,555	\$21,710	(\$926)	\$2,858	(\$8,542,533)
%+/- Projection	-0.7%	-5.5%	-5.5%	-5.5%	-5.4%	-	-	-	-	-3.0%
Prior Year 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
+/- Prior Year	(\$6,185,758)	(\$1,159,830)	(\$1,159,830)	(\$386,610)	(\$3,045,603)	(\$30,739)	(\$2,601)	(\$6,063)	(\$3,118)	(\$11,980,151)
%+/- Prior Year	-4.2%	-4.2%	-4.2%	-4.2%	-4.2%	-89.6%	-10.7%	-118.0%	-52.2%	-4.2%
						(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 2017

	<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	\$3,526,980	\$1,226,776	-	-	-	-	\$4,753,756
Reallocations	(\$0)	(\$63)	\$0	\$63	-	-	-
Adjusted Actual	\$3,526,980	\$1,226,713	\$0	\$63	-	-	\$4,753,756
Projection	\$3,158,356	\$1,098,559	-	-	-	-	\$4,256,915
+/- Projection	\$368,624	\$128,154	\$0	\$63	-	-	\$496,841
%+/- Projection	11.7%	11.7%	-	-	-	-	11.7%
Prior Year Actual	\$3,724,815	\$1,315,892	(\$12)	(\$20,329)	-	-	\$5,020,366
+/- Prior Year	(\$197,835)	(\$89,180)	\$12	\$20,392	-	-	(\$266,611)
%+/- Prior Year	-5.3%	-6.8%	-100.5%	-100.3%	-	-	-5.3%
Year-to-Date:							
Actual	\$22,840,844	\$7,944,641	-	-	-	-	\$30,785,485
Reallocations	\$4	(\$1,115)	\$201	\$901	-	\$9	-
Adjusted Actual	\$22,840,847	\$7,943,527	\$201	\$901	-	\$9	\$30,785,485
Projection	\$25,266,848	\$8,788,472	-	-	-	-	\$34,055,320
+/- Projection	(\$2,426,001)	(\$844,945)	\$201	\$901	-	\$9	(\$3,269,835)
%+/- Projection	-9.6%	-9.6%	-	-	-	-	-9.6%
Prior Year Actual	\$18,629,783	\$6,410,446	\$10,899	\$57,486	\$347	\$361	\$25,109,322
+/- Prior Year	\$4,211,065	\$1,533,081	(\$10,699)	(\$56,585)	(\$347)	(\$352)	\$5,676,163
%+/- Prior Year	22.6%	23.9%	-98.2%	-98.4%	-100.00%	-97.45%	22.6%
			(1)	(1)	(1)	(1)	(2) & (3)

NOTES:

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