



City Manager Report

The City of OKLAHOMA CITY

NO: 993

DATE: MARCH 28, 2017

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: MARCH 2017 SALES AND USE TAX COLLECTIONS

Combined sales and use taxes for the General Fund are \$3,814,391 or 2.1% below projections for the year.

General Fund Sales Tax

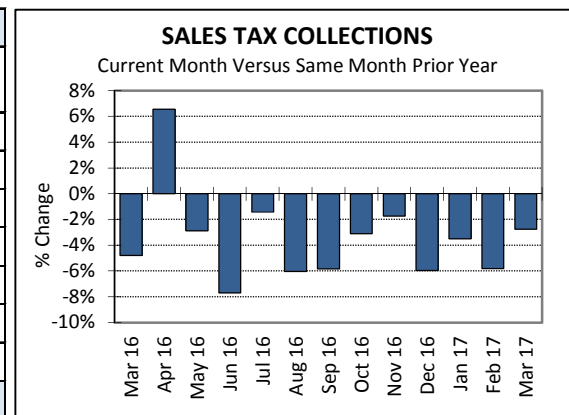
General Fund sales tax revenues for March totaled \$15,676,147, which is:

- \$124,817 or 0.8% below projection for the month
- \$447,286 or 2.8% below FY 2016 revenues for the month

The March remittance includes actual collections for the second half of January and estimated collections for the first half of February by major taxpayers.

Sales tax collections are down 2.8% from last year. This marks the seventeenth month out of the last eighteen months for sales tax revenues to be down. The trend remains the same this month with most segments of the economy continuing to contract. The only major sales tax categories to experience growth this month were Wholesale and Utilities. The oil and gas industry, after an extended slump, has shown signs of improvement again this month.

FY 2017 Sales Tax Performance: Month & YTD			
Major Category	Change from Mar 2016	Year-to-Date % Change	% of Total Sales Tax
Retail	-2.7%	-3.6%	49.5%
Hotels & Restaurants	-4.3%	-0.7%	17.3%
Services	-4.0%	-6.9%	11.1%
Wholesale	10.9%	-8.9%	8.7%
Utilities	3.9%	-0.1%	7.5%
Manufacturing	-11.2%	-13.4%	4.4%
Other Miscellaneous	-46.0%	2.7%	1.5%
Total	-2.8%	-4.1%	100.0%



City Comparison		
City	Change from Mar 2016	Year-to-Date % Change
Oklahoma City	-2.8%	-4.1%
Tulsa *	6.2%	-1.8%
Norman	-8.1%	-4.1%
Edmond	0.6%	-1.6%
Moore	-2.0%	-1.9%
Midwest City	-2.2%	-2.5%
Yukon	2.1%	-4.4%

* Rates are normalized to account for rate changes

Comparison to Other Cities

Sales tax performance was varied for the comparison cities. Oklahoma City, Moore, and Midwest City all performed similarly. Tulsa appeared to perform the best even after taking into account the tax rate change effective on January 1st. Out of the top 20 cities, 14 performed better than their year-to-date averages.

Retail

- General Merchandise – Sales were down for most major retailers.
- Building Materials and Lawn & Garden – Most major retailers in this category experienced good sales growth.
- Food Stores – Sales for food stores have been on a downward trend for some time now.
- Apparel & Accessories – Sales were down for the majority, but a few retailers remitted some large payments this month that helped offset the losses.
- Pharmacies & Health Stores – Most retailers did well, but it was an underpayment last year by a major retailer that created most of this month’s growth.
- Miscellaneous Retail – It was a down month for most retailers as most were not able to improve upon last year’s sales.
- Sporting Goods & Hobby Stores – Sales were significantly down category wide. Only 6 of the top 25 retailers were able to show improvement from last year.

FY 2017 Retail Sub-Category Performance: Month & YTD			
Retail Category	Change from Mar 2016	Year-to-Date % Change	% of Total Retail Sales
General Merchandise	-0.3%	-0.6%	25.0%
Building Materials and Lawn & Garden	4.2%	-6.1%	14.5%
Food Stores	-8.7%	-6.9%	14.0%
Apparel & Accessories	0.1%	-3.0%	9.2%
Electronics & Appliances	-5.9%	-6.2%	8.2%
Auto Parts & Supplies	3.2%	-1.9%	5.6%
Pharmacies & Health Stores	8.9%	2.8%	5.2%
Miscellaneous Retail	-11.7%	-5.0%	5.2%
Sporting Goods & Hobby Stores	-27.6%	-5.1%	4.5%
Furniture & Home	-3.2%	-5.1%	4.5%
Convenience Stores	-3.1%	-5.3%	3.1%
Direct Sales	28.6%	11.4%	0.9%
Total	-2.7%	-3.6%	100.0%

Other Major Categories

- Hotels & Restaurants contracted 4.3% from last year.
 - Eating & Drinking Establishments receded 5.2%. It was slow month for most businesses.
 - Hotel sales improved 1.6% with increased activity from last year.
- Services slipped 4.0%. The majority in the category improved, but one business, which had an additional payment last year and underpaid this month, is responsible for the decline.
- Wholesale increased 10.9% with most wholesalers showing solid improvements in sales.
- Utilities grew 3.9%. Gas sales were up while sales of electricity were down.
- Manufacturing fell 11.2%. Most did well. Big payments last year coupled with non-payments this year from a couple of large manufacturers caused much of the fall.
- Other Miscellaneous’ decline continues to be largely due to the reduced number of non-classified remitters due to the OTC’s efforts to properly classify taxpayers.

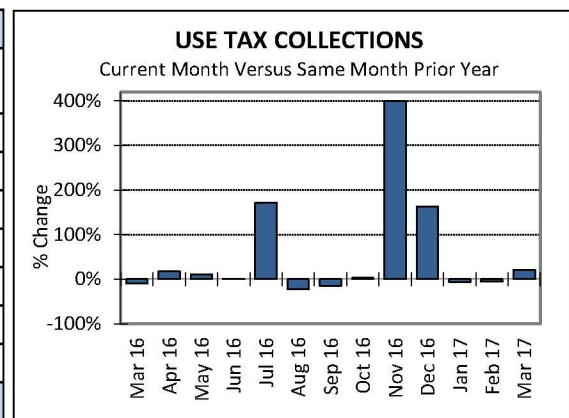
General Fund Use Tax

General Fund use tax revenues for March totaled \$2,906,840 which is:

- \$251,516 or 8.0% below projection for the month
- \$499,673 or 20.8% above FY 2016 revenues for the month

This month’s 20.7% growth is due in large part to strong gains in Wholesale and Manufacturing. Growth was helped by increasing activity from oil & gas related businesses as well as medical related businesses.

FY 2017 Use Tax Performance: Month & YTD			
Major Category	Change from Mar 2016	Year-to-Date % Change	% of Total Use Tax
Wholesale	64.2%	-2.3%	25.9%
Retail	-10.6%	-17.4%	20.0%
Other Miscellaneous	9.5%	-370.9%	19.8%
Services	5.8%	-8.4%	17.5%
Manufacturing	45.0%	0.0%	14.3%
Utilities	10.9%	-18.0%	2.0%
Hotels & Restaurants	60.1%	9.8%	0.5%
Total	20.7%	22.4%	100.0%



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

James D. Couch
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 City Manager

CITY OF OKLAHOMA CITY
SALES TAX COLLECTIONS
March 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	\$15,676,100	\$2,939,269	\$2,939,269	\$979,756	\$7,838,050	-	-	-	-	\$30,372,444
Reallocations	\$47	\$9	\$9	\$3	(\$479)	\$67	(\$25)	\$37	\$332	-
Adjusted Actual	\$15,676,147	\$2,939,278	\$2,939,278	\$979,759	\$7,837,571	\$67	(\$25)	\$37	\$332	\$30,372,444
Projection	\$15,800,964	\$3,113,838	\$3,113,838	\$1,037,946	\$8,291,674	-	-	-	-	\$31,358,260
+/- Projection	(\$124,817)	(\$174,560)	(\$174,560)	(\$58,187)	(\$454,103)	\$67	(\$25)	\$37	\$332	(\$985,816)
%+/- Projection	-0.8%	-5.6%	-5.6%	-5.6%	-5.5%	-	-	-	-	-3.1%
Prior Year Actual	\$16,123,433	\$3,023,144	\$3,023,144	\$1,007,715	\$8,050,169	\$3,273	\$3,942	\$297	\$653	\$31,235,769
+/- Prior Year	(\$447,286)	(\$83,866)	(\$83,866)	(\$27,955)	(\$212,599)	(\$3,206)	(\$3,968)	(\$260)	(\$321)	(\$863,326)
%+/- Prior Year	-2.8%	-2.8%	-2.8%	-2.8%	-2.6%	-97.9%	-100.6%	-87.4%	-49.1%	-2.8%
Year-to-Date:										
Actual	\$156,099,162	\$29,268,593	\$29,268,593	\$9,756,198	\$78,049,581	-	-	-	-	\$302,442,127
Reallocations	(\$175)	(\$33)	(\$33)	(\$11)	(\$27,358)	\$3,623	\$21,685	(\$888)	\$3,190	241
Adjusted Actual	\$156,098,987	\$29,268,560	\$29,268,560	\$9,756,187	\$78,022,223	\$3,623	\$21,685	(\$888)	\$3,190	\$302,442,127
Projection	\$157,235,862	\$30,964,459	\$30,964,459	\$10,321,486	\$82,484,211	-	-	-	-	\$311,970,477
+/- Projection	(\$1,136,875)	(\$1,695,899)	(\$1,695,899)	(\$565,299)	(\$4,461,988)	\$3,623	\$21,685	(\$888)	\$3,190	(\$9,528,350)
%+/- Projection	-0.7%	-5.5%	-5.5%	-5.5%	-5.4%	-	-	-	-	-3.1%
Prior Year Actual	\$162,732,031	\$30,512,256	\$30,512,256	\$10,170,752	\$81,280,425	\$37,568	\$28,254	\$5,434	\$6,629	\$315,285,604
+/- Prior Year	(\$6,633,044)	(\$1,243,696)	(\$1,243,696)	(\$414,565)	(\$3,258,202)	(\$33,945)	(\$6,569)	(\$6,322)	(\$3,438)	(\$12,843,477)
%+/- Prior Year	-4.1%	-4.1%	-4.1%	-4.1%	-4.0%	-90.4%	-23.2%	-116.3%	-51.9%	-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
March 2017

	General <u>Fund</u>	<u>MAPS 3</u>	Sports Facilities <u>Improvement</u>	City & <u>Schools</u>	Police/Fire <u>Equipment</u>	<u>MAPS</u>	Total <u>Use Tax</u>
Current Month:							
Actual	\$2,906,781	\$1,011,054	-	-	-	-	\$3,917,835
Reallocations	\$60	(\$229)	-	\$152	-	\$17	-
Adjusted Actual	\$2,906,840	\$1,010,825	-	\$152	-	\$17	\$3,917,835
Projection	\$3,158,356	\$1,098,559	-	-	-	-	\$4,256,915
+/- Projection	(\$251,516)	(\$87,734)	-	\$152	-	\$17	(\$339,080)
%+/- Projection	-8.0%	-8.0%	-	-	-	-	-8.0%
Prior Year Actual	\$2,407,168	\$837,526	-	(\$251)	\$0	-	\$3,244,444
+/- Prior Year	\$499,673	\$173,299	-	\$403	(\$0)	\$17	\$673,391
%+/- Prior Year	20.8%	20.7%	#VALUE!	-160.8%	-100.00%	-	20.8%
Year-to-Date:							
Actual	\$25,747,624	\$8,955,695	-	-	-	-	\$34,703,320
Reallocations	\$63	(\$1,343)	\$201	\$1,053	-	\$26	-
Adjusted Actual	\$25,747,688	\$8,954,352	\$201	\$1,053	-	\$26	\$34,703,320
Projection	\$28,425,204	\$9,887,031	-	-	-	-	\$38,312,235
+/- Projection	(\$2,677,516)	(\$932,679)	\$201	\$1,053	-	\$26	(\$3,608,915)
%+/- Projection	-9.4%	-9.4%	-	-	-	-	-9.4%
Prior Year Actual	\$21,036,950	\$7,247,973	\$10,899	\$57,235	\$347	\$361	\$28,353,766
+/- Prior Year	\$4,710,737	\$1,706,379	(\$10,699)	(\$56,182)	(\$347)	(\$335)	\$6,349,554
%+/- Prior Year	22.4%	23.5%	-98.2%	-98.2%	-100.00%	-92.78%	22.4%
			(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.
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