



City Manager Report

The City of OKLAHOMA CITY

NO: 1027

DATE: MAY 30, 2017

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: MAY 2017 SALES AND USE TAX COLLECTIONS

Combined sales and use taxes for the General Fund are \$4,184,110 or 1.8% below projections for the year.

General Fund Sales Tax

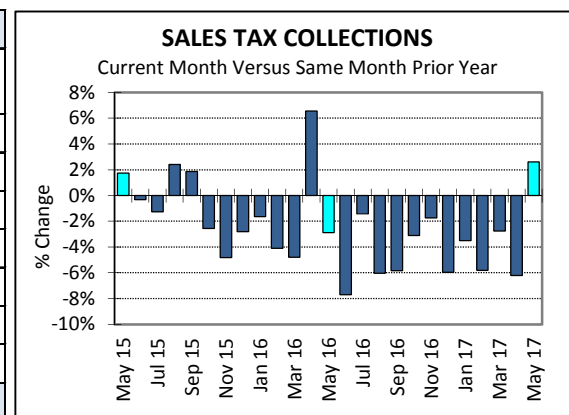
General Fund sales tax revenues for May totaled \$18,398,354, which is:

- \$575,681 or 3.2% above projection for the month
- \$468,100 or 2.6% above FY 2016 revenues for the month

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

Sales tax collections are up 2.6% from last year and down 3.7% year-to-date. It has been just over a year since the last positive month for sales tax. This month most categories of sales tax showed improvement from last year. The only categories to not show improvement were Retail and Other Miscellaneous. The decline in Other Miscellaneous is due to reclassifications rather than poor performance. Amazon began collecting tax in Oklahoma in March and this is the first month they remitted. However, since Amazon is an out-of-state vendor with no nexus in Oklahoma, the tax is remitted as use tax rather than sales tax.

FY 2017 Sales Tax Performance: Month & YTD			
Major Category	Change from May 2016	Year-to-Date % Change	% of Total Sales Tax
Retail	(1.6%)	(3.8%)	50.5%
Hotels & Restaurants	0.5%	(0.6%)	17.7%
Services	16.4%	(5.1%)	11.1%
Wholesale	1.7%	(7.5%)	9.8%
Utilities	38.6%	2.8%	5.0%
Manufacturing	7.5%	(11.4%)	4.3%
Other Miscellaneous	(25.2%)	(4.2%)	1.5%
Total	2.6%	(3.7%)	100.0%



City Comparison		
City	Change from May 2016	Year-to-Date % Change
Oklahoma City	2.6%	(3.7%)
Tulsa *	(1.1%)	(2.3%)
Norman	(5.5%)	(4.0%)
Edmond	(1.6%)	(1.7%)
Moore	1.4%	(1.4%)
Midwest City	(0.8%)	(2.8%)
Yukon	(1.4%)	(3.8%)
* Rates are normalized to account for rate changes		

Comparison to Other Cities

State sales taxes were up 2.1% this month. Oklahoma City's sales tax increase was very similar at 2.6%. Moore was the only other comparison city to experience growth. Tulsa's actual collections were up due to a sales tax increase in January, but if the rate increase is factored out, as shown in the table, Tulsa's collections declined slightly.

Retail

- Building Materials and Lawn & Garden – Sales for most retailers were down slightly.
- Food Stores – One retailer's strong sales helped to offset the declines from the majority of the other food stores.
- Electronics & Appliances – Most in the category performed well. A couple of businesses reported strong growth this month.
- Auto Parts & Supplies – This month last year a major retailer overpaid their tax inflating last year's performance.
- Pharmacies & Health Stores – Overall sales were good this month, but declines from two major retailers caused this month's drop.
- Miscellaneous Retail – Sales were down for the majority of retailers, but much of the decline stems from large payments last year by two retailers.
- Sporting Goods & Hobby Stores – Sales were down overall. One retailer remitted a very large payment last year that is responsible for about half of this month's decline.

FY 2017 Retail Sub-Category Performance: Month & YTD			
Retail Category	Change from May 2016	Year-to-Date % Change	% of Total Retail Sales
General Merchandise	(0.1%)	(1.3%)	23.0%
Building Materials and Lawn & Garden	(0.6%)	(6.0%)	16.9%
Food Stores	(0.5%)	(6.4%)	12.4%
Apparel & Accessories	(0.3%)	(3.7%)	10.9%
Electronics & Appliances	4.4%	(5.1%)	7.9%
Auto Parts & Supplies	(4.4%)	(1.1%)	5.9%
Miscellaneous Retail	(10.5%)	(4.6%)	5.2%
Pharmacies & Health Stores	(3.9%)	0.6%	4.9%
Furniture & Home	2.4%	(5.2%)	4.5%
Sporting Goods & Hobby Stores	(13.7%)	(6.4%)	4.4%
Convenience Stores	(5.7%)	(5.9%)	3.1%
Direct Sales	0.2%	10.0%	0.9%
Total	(1.6%)	(3.8%)	100.0%

Other Major Categories

- Hotels & Restaurants edged up 0.5% from last year.
 - Eating & Drinking Establishments receded 0.8%.
 - Hotel sales increased 8.1% as sales for most hotels improved.
- Services rose 16.4%. Most did well, but a big payment this year and a refund last year by one business along with a large payment from a new business this month contributed to this increase.
- Wholesale increased 1.7% with most wholesalers reporting modest gains.
- Utilities jumped 38.6%. Last year’s sales were quite low for both gas and electricity.
- Manufacturing grew 7.5%. The majority did well, but a large payment from one company caused all of the growth.
- Other Miscellaneous’ decline continues to be largely from the reduced number of non-classified remitters due to the OTC’s efforts to properly classify taxpayers.

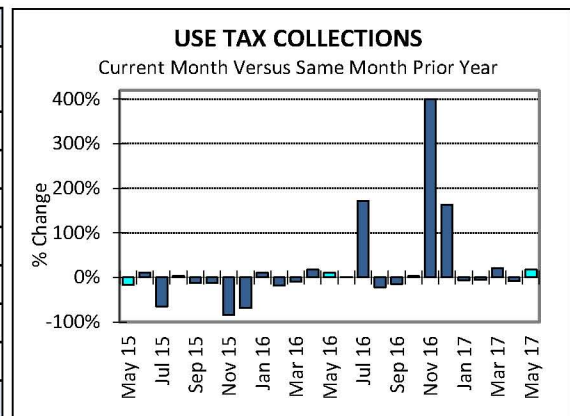
General Fund Use Tax

General Fund use tax revenues for May totaled \$3,702,445 which is:

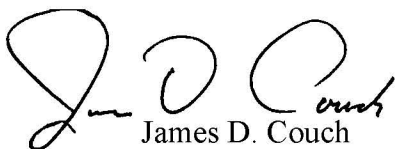
- \$544,089 or 17.2% above projection for the month
- \$574,719 or 18.4% above FY 2016 revenues for the month

Most use tax categories performed well this month. Wholesale was helped by strong performances from a couple of oil and gas related businesses. The addition of sales from Amazon helped Retail’s growth, but Retail would have still performed well without Amazon.

FY 2017 Use Tax Performance: Month & YTD			
Major Category	Change from May 2016	Year-to-Date % Change	% of Total Use Tax
Wholesale	11.1%	(0.8%)	28.4%
Retail	60.8%	(10.2%)	25.5%
Other Miscellaneous	(2.3%)	1118.2%	19.0%
Services	0.9%	(8.1%)	13.3%
Manufacturing	15.2%	(0.0%)	12.0%
Utilities	75.4%	(14.7%)	1.3%
Hotels & Restaurants	(17.2%)	(6.2%)	0.6%
Total	18.3%	18.6%	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
May 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	\$18,398,174	\$3,449,658	\$3,449,658	\$1,149,886	\$9,199,087	-	-	-	-	\$35,646,462
Reallocations	\$180	\$34	\$34	\$11	(\$1,596)	\$59	\$651	\$140	\$486	-
Adjusted Actual	\$18,398,354	\$3,449,691	\$3,449,691	\$1,149,897	\$9,197,491	\$59	\$651	\$140	\$486	\$35,646,462
Projection	\$17,822,673	\$3,429,161	\$3,429,161	\$1,143,054	\$9,136,725	-	-	-	-	\$34,960,774
+/- Projection	\$575,681	\$20,530	\$20,530	\$6,843	\$60,766	\$59	\$651	\$140	\$486	\$685,688
%+/- Projection	3.2%	0.6%	0.6%	0.6%	0.7%	-	-	-	-	2.0%
Prior Year Actual	\$17,930,254	\$3,361,923	\$3,361,923	\$1,120,641	\$8,957,574	\$1,656	\$3,905	\$469	\$444	\$34,738,789
+/- Prior Year	\$468,100	\$87,769	\$87,769	\$29,256	\$239,917	(\$1,597)	(\$3,254)	(\$329)	\$42	\$907,673
%+/- Prior Year	2.6%	2.6%	2.6%	2.6%	2.7%	-96.4%	-83.3%	-70.1%	9.4%	2.6%
Year-to-Date:										
Actual	\$191,113,473	\$35,833,776	\$35,833,776	\$11,944,592	\$95,556,736	-	-	-	-	\$370,282,354
Reallocations	\$153	\$28	\$28	\$9	(\$30,131)	\$3,758	\$22,625	(\$548)	\$4,076	-
Adjusted Actual	\$191,113,625	\$35,833,805	\$35,833,805	\$11,944,602	\$95,526,605	\$3,758	\$22,625	(\$548)	\$4,076	\$370,282,354
Projection	\$192,670,696	\$37,782,278	\$37,782,278	\$12,594,093	\$100,650,179	-	-	-	-	\$381,479,524
+/- Projection	(\$1,557,071)	(\$1,948,473)	(\$1,948,473)	(\$649,492)	(\$5,123,574)	\$3,758	\$22,625	(\$548)	\$4,076	(\$11,197,170)
%+/- Projection	-0.8%	-5.2%	-5.2%	-5.2%	-5.1%	-	-	-	-	-2.9%
Prior Year Actual	\$198,380,757	\$37,196,392	\$37,196,392	\$12,398,797	\$99,090,198	\$41,768	\$35,451	\$6,016	\$7,715	\$384,353,487
+/- Prior Year	(\$7,267,132)	(\$1,362,587)	(\$1,362,587)	(\$454,196)	(\$3,563,593)	(\$38,009)	(\$12,826)	(\$6,564)	(\$3,639)	(\$14,071,133)
%+/- Prior Year	-3.7%	-3.7%	-3.7%	-3.7%	-3.6%	-91.0%	-36.2%	-109.1%	-47.2%	-3.7%
						(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
May 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	\$3,702,502	\$1,287,827	-	-	-	-	\$4,990,328
Reallocations	(\$57)	(\$89)	\$311	(\$152)	\$4	(\$17)	-
Adjusted Actual	\$3,702,445	\$1,287,738	\$311	(\$152)	\$4	(\$17)	\$4,990,328
Projection	\$3,158,356	\$1,098,559	-	-	-	-	\$4,256,915
+/- Projection	\$544,089	\$189,179	\$311	(\$152)	\$4	(\$17)	\$733,413
%+/- Projection	17.2%	17.2%	-	-	-	-	17.2%
Prior Year Actual	\$3,127,726	\$1,087,899	\$5	-	-	-	\$4,215,630
+/- Prior Year	\$574,719	\$199,838	\$306	(\$152)	\$4	(\$17)	\$774,698
%+/- Prior Year	18.4%	18.4%	5909.5%	#VALUE!	-	-	18.4%
Year-to-Date:							
Actual	\$32,114,871	\$11,170,390	-	-	-	-	\$43,285,260
Reallocations	\$6	(\$1,435)	\$513	\$902	\$4	\$9	-
Adjusted Actual	\$32,114,877	\$11,168,955	\$513	\$902	\$4	\$9	\$43,285,260
Projection	\$34,741,916	\$12,084,149	-	-	-	-	\$46,826,065
+/- Projection	(\$2,627,039)	(\$915,194)	\$513	\$902	\$4	\$9	(\$3,540,805)
%+/- Projection	-7.6%	-7.6%	-	-	-	-	-7.6%
Prior Year Actual	\$27,066,058	\$9,345,535	\$10,905	\$56,748	\$348	\$361	\$36,479,954
+/- Prior Year	\$5,048,819	\$1,823,421	(\$10,391)	(\$55,845)	(\$344)	(\$352)	\$6,805,307
%+/- Prior Year	18.7%	19.5%	-95.3%	-98.4%	-98.96%	-97.45%	18.7%
			(1)	(1)	(1)	(1)	(2) & (3)

NOTES:

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