

MEMORANDUM



TO: Mayor and Council
FROM: Lauri Oszakiewski, Municipal Budget & Finance Analyst
THROUGH: Mark Day, Municipal Budget Director
DATE: July 28, 2023
SUBJECT: Tax Revenue Statistical Report – June 2023

Introduction

The Municipal Budget Office (MBO) reviews the City’s privilege (sales) tax collections for the General Fund (1.2%), Transit Fund (0.5%) and Arts & Cultural Fund (0.1%) and the General Fund bed tax (5.0%) in order to monitor the financial performance of the City’s largest revenue source. This monthly analysis also provides the opportunity to determine if adjustments need to be made for any significant variances to ensure continuity of programs and service delivery. The June 2023 report summarizes our analysis of the May sales activity reported to the Arizona Department of Revenue (ADOR).

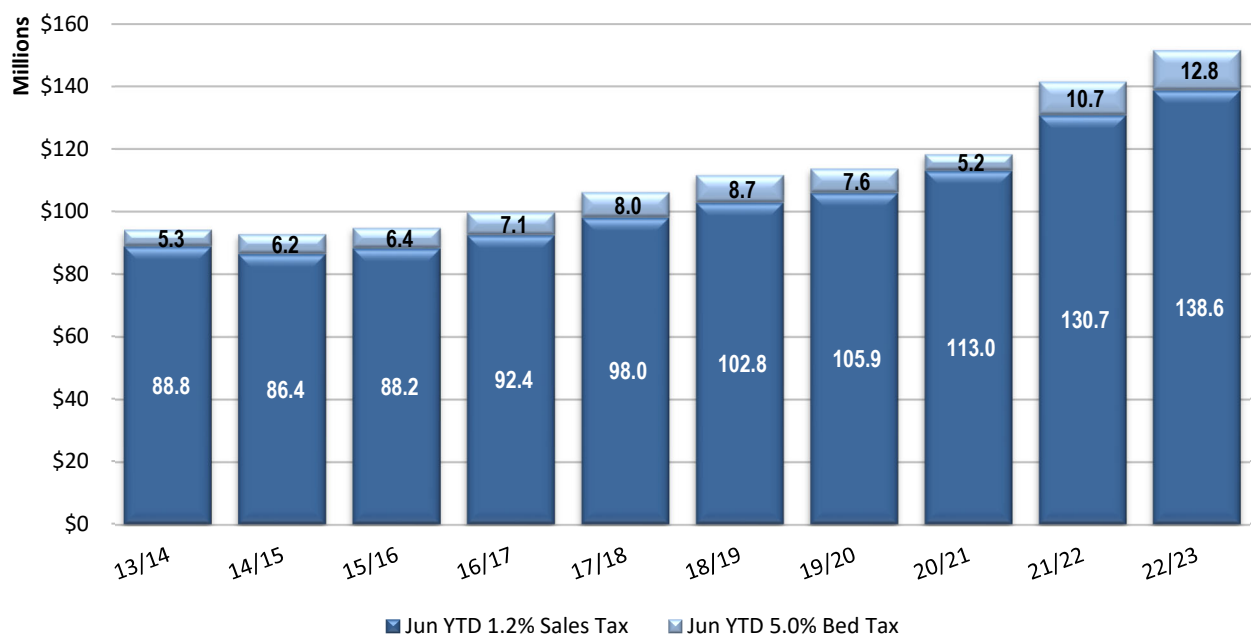
Overall Highlights

Total fiscal year to date taxable *sales* increased by 4.7% over the same year to date period in the prior fiscal year. Total sales tax *revenue* is up 5.1% or \$10.9 million, due to growth in rentals (\$5.7 million), non-recurring business activities (\$3.5 million), and combined hotel/motel and bed tax (\$3.0 million) activity. The attached Executive Summary provides a summary of historical and current fiscal year taxable sales, sales tax collections by fund, tax revenues by business activity, and an analysis of retail tax revenues by activity.

General Fund Highlights

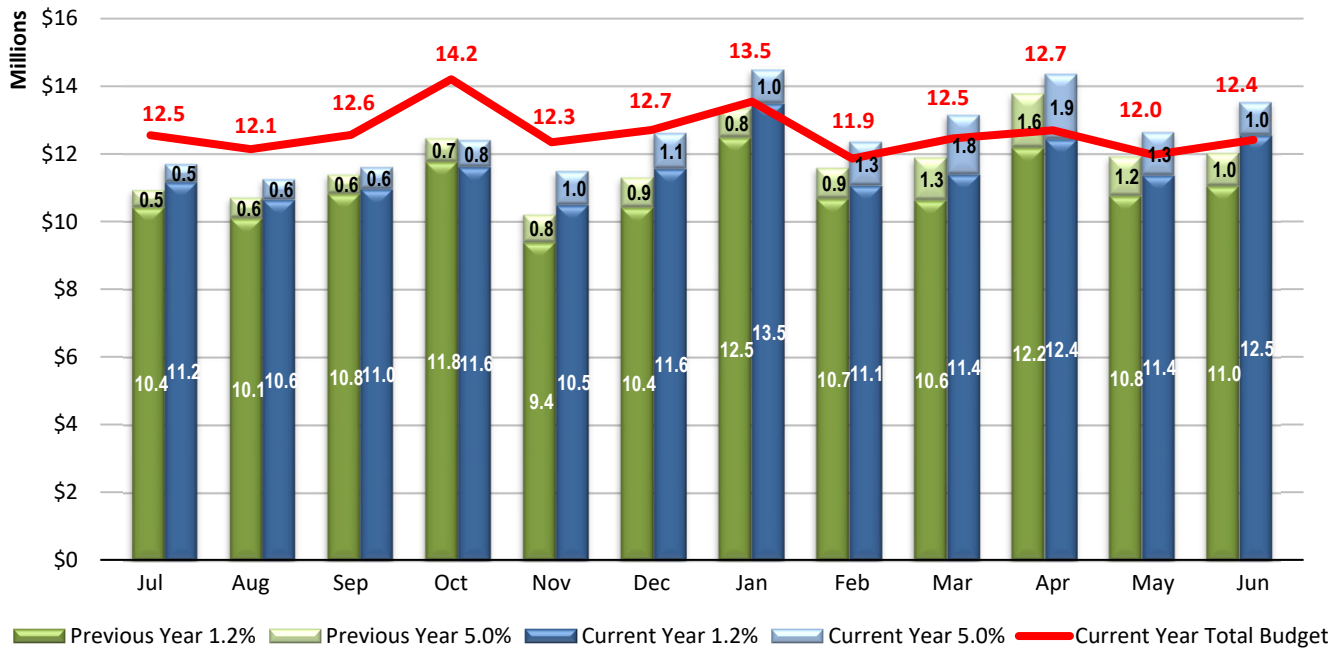
As the General Fund portion of the City’s sales and bed tax revenue collections represents the General Fund’s largest revenue source, further analysis is performed on these specific tax collections. The graph below depicts year to date General Fund historical sales and bed tax revenue from FY 2013/14 through FY 2022/23. General Fund sales and bed tax revenue for FY 2022/23 is up 7.1% or \$10.1 million over the prior year to date period.

General Fund Year to Date Sales and Bed Tax Collections through June



In addition to the 10-year historical comparison, we also review 12 months of General Fund monthly sales and bed tax collections compared to the previous year and to the FY 2022/23 adopted budget for the combined sales and bed tax, as noted in the graph below.

General Fund Monthly Sales and Bed Tax Collection vs. Previous Year



Finally, the MBO prepares the attached Actual to Budget Comparison report that provides a summary of FY 2022/23 General Fund sales tax, bed tax, and a combined total sales and bed tax collections compared to a projected budget amount for the month. Although sales and bed tax are not actually budgeted on a monthly basis, this type of analysis of actual collections compared to projections provides insight into sales and bed tax performance. Using this approach, fiscal year to date General Fund sales tax is \$1.9 million below revenue projections, General Fund bed tax is \$2.0 million above projections, and the combined General Fund sales and bed tax collections for the General Fund are \$25 thousand above the revenue projection.

Attachments: Executive Summary
Actual Compared to Budget Projection

Executive Summary

Current Month - June

Fiscal Year to Date - June

	Current Month - June				Fiscal Year to Date - June											
	2019-20	Change	2020-21	Change	2021-22	Change	2022-23	Change	2019-20	Change	2020-21	Change	2021-22	Change	2022-23	Change
Taxable Sales																
Total Taxable Sales	692,854,000	-14.0%	854,405,000	23.3%	951,378,000	11.3%	1,064,443,000	11.9%	9,198,640,000	2.1%	9,727,407,000	5.7%	11,363,069,000	16.8%	11,891,572,000	4.7%
Retail Taxable Sales	410,367,000	-3.2%	494,818,000	20.6%	498,655,000	0.8%	547,014,000	9.7%	5,075,059,000	4.5%	5,686,812,000	12.1%	6,504,492,000	14.4%	6,372,645,000	-2.0%
Tax Revenues by Fund																
General Fund																
Privilege Tax (1.2%)	8,120,000	-12.2%	9,889,000	21.8%	11,047,000	11.7%	12,540,000	13.5%	105,889,000	3.0%	112,973,000	6.7%	130,691,000	15.7%	138,649,000	6.1%
Bed Tax (5.0%)	314,000	-51.8%	568,000	80.9%	969,000	70.6%	974,000	0.5%	7,628,000	-12.5%	5,193,000	-31.9%	10,733,000	106.7%	12,829,000	19.5%
Privilege Tax Rebates	119,000	-54.4%	227,000	90.8%	137,000	-39.6%	-	-100.0%	2,664,000	-17.7%	2,509,000	-5.8%	3,090,000	23.2%	971,000	-68.6%
Total General Fund	8,553,000	-15.9%	10,684,000	24.9%	12,153,000	13.7%	13,514,000	11.2%	116,181,000	1.3%	120,675,000	3.9%	144,514,000	19.8%	152,449,000	5.5%
Transit Fund																
Privilege Tax (0.5%)	3,383,000	-12.3%	4,121,000	21.8%	4,603,000	11.7%	5,225,000	13.5%	44,142,000	3.0%	47,074,000	6.6%	54,456,000	15.7%	57,770,000	6.1%
Privilege Tax Rebates	50,000	-52.8%	94,000	88.0%	57,000	-39.4%	-	-100.0%	1,088,000	-17.3%	1,044,000	-4.0%	1,286,000	23.2%	404,000	-68.6%
Total Transit Fund	3,433,000	-13.4%	4,215,000	22.8%	4,660,000	10.6%	5,225,000	12.1%	45,230,000	2.4%	48,118,000	6.4%	55,742,000	15.8%	58,174,000	4.4%
Arts & Culture Fund																
Privilege Tax (0.1%)	687,000	-13.4%	843,000	22.7%	932,000	10.6%	1,045,000	12.1%	9,046,000	2.4%	9,624,000	6.4%	11,148,000	15.8%	11,635,000	4.4%
Total Arts & Culture Fund	687,000	-13.4%	843,000	22.7%	932,000	10.6%	1,045,000	12.1%	9,046,000	2.4%	9,624,000	6.4%	11,148,000	15.8%	11,635,000	4.4%
Totals	12,673,000	-15.1%	15,742,000	24.2%	17,745,000	12.7%	19,784,000	11.5%	170,457,000	-49.2%	178,417,000	4.7%	211,404,000	18.5%	222,258,000	5.1%
Tax Revenues by Business Activities																
Retail	7,387,000	-3.2%	8,549,000	15.7%	8,976,000	5.0%	9,721,000	8.3%	91,351,000	4.5%	99,858,000	9.3%	117,081,000	17.2%	112,940,000	-3.5%
Rentals	2,383,000	-5.0%	2,832,000	18.8%	3,093,000	9.2%	3,756,000	21.4%	31,214,000	3.9%	33,039,000	5.8%	36,847,000	11.5%	42,596,000	15.6%
Utilities/Communication	601,000	-5.2%	573,000	-4.7%	649,000	13.3%	702,000	8.2%	7,686,000	-3.5%	7,566,000	-1.6%	7,812,000	3.3%	8,296,000	6.2%
Restaurants	776,000	-34.8%	1,322,000	70.4%	1,484,000	12.3%	1,493,000	0.6%	12,221,000	-9.8%	12,181,000	-0.3%	16,335,000	34.1%	17,697,000	8.3%
Contracting	988,000	-1.0%	1,085,000	9.8%	1,397,000	28.8%	1,192,000	-14.7%	13,309,000	11.0%	11,524,000	-13.4%	12,019,000	4.3%	12,293,000	2.3%
Hotel/Motel	118,000	-52.4%	219,000	85.6%	370,000	68.9%	378,000	2.2%	2,812,000	-14.2%	2,005,000	-28.7%	4,093,000	104.1%	5,071,000	23.9%
Transient (Bed Tax)	314,000	-51.8%	568,000	80.9%	969,000	70.6%	974,000	0.5%	7,628,000	-12.5%	5,193,000	-31.9%	10,733,000	106.7%	12,715,000	18.5%
Non-Recurring Business Activities	-	-100.0%	414,000	100.0%	619,000	49.5%	1,331,000	115.0%	2,056,000	-8.9%	5,320,000	158.8%	3,738,000	-29.7%	7,239,000	93.7%
Amusements	22,000	-83.2%	123,000	459.1%	114,000	-7.3%	165,000	44.7%	1,238,000	-14.1%	844,000	-31.8%	1,596,000	89.1%	2,139,000	34.0%
All Other	84,000	20.0%	58,000	-31.0%	75,000	29.3%	71,000	-5.3%	942,000	-99.4%	887,000	-5.8%	1,150,000	29.7%	1,273,000	10.7%
Totals	12,673,000	-15.1%	15,742,000	24.2%	17,745,000	12.7%	19,784,000	11.5%	170,457,000	-49.2%	178,417,000	4.7%	211,404,000	18.5%	222,258,000	5.1%
Retail Tax Revenues by Activities																
Automotive	1,289,000	6.3%	1,561,000	21.1%	1,371,000	-12.2%	1,485,000	8.3%	13,631,000	0.7%	15,234,000	11.8%	16,321,000	7.1%	16,415,000	0.6%
Building Supply Stores	343,000	10.3%	375,000	9.3%	420,000	12.0%	411,000	-2.1%	3,722,000	7.4%	4,259,000	14.4%	4,963,000	16.5%	4,991,000	0.6%
Department Stores	953,000	-0.8%	1,117,000	17.2%	1,149,000	2.9%	1,111,000	-3.3%	12,050,000	0.4%	13,070,000	8.5%	14,102,000	7.9%	14,540,000	3.1%
Drug/Small Stores	1,040,000	-7.2%	1,270,000	22.1%	1,471,000	15.8%	1,410,000	-4.1%	13,775,000	5.7%	15,934,000	15.7%	16,729,000	5.0%	16,085,000	-3.8%
Furniture/Equipment/Electronics	411,000	-26.7%	717,000	74.5%	600,000	-16.3%	697,000	16.2%	6,307,000	-5.9%	7,835,000	24.2%	8,304,000	6.0%	5,707,000	-31.3%
Grocery Stores	846,000	-0.1%	824,000	-2.6%	597,000	-27.5%	1,009,000	69.0%	10,205,000	3.6%	10,391,000	1.8%	10,983,000	5.7%	11,743,000	6.9%
Manufacturing Firms	535,000	-44.8%	716,000	33.8%	451,000	-37.0%	367,000	-18.6%	7,000,000	-14.5%	7,421,000	6.0%	10,508,000	41.6%	5,298,000	-49.6%
All Other Retail	1,970,000	19.7%	1,969,000	-0.1%	2,917,000	48.1%	3,231,000	10.8%	24,661,000	19.6%	25,714,000	4.3%	35,171,000	36.8%	38,161,000	8.5%
Totals	7,387,000	-3.2%	8,549,000	15.7%	8,976,000	5.0%	9,721,000	8.3%	91,351,000	4.5%	99,858,000	9.3%	117,081,000	17.2%	112,940,000	-3.5%

Actual Compared to Budget Projection

Privilege Tax Revenue - General Fund (1.2%) 2022-23 Actual Compared to Budget

Monthly Amounts

	2022-23 Budget		2022-23 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	8.4%	\$ 11,776,000	\$ 11,159,000	\$ (617,000)	-5.2%
Aug	7.9%	11,161,000	10,641,000	(520,000)	-4.7%
Sep	8.0%	11,286,000	10,951,000	(335,000)	-3.0%
Oct	9.1%	12,834,000	11,608,000	(1,226,000)	-9.6%
Nov	8.1%	11,429,000	10,484,000	(945,000)	-8.3%
Dec	8.4%	11,853,000	11,552,000	(301,000)	-2.5%
Jan	9.2%	12,938,000	13,484,000	546,000	4.2%
Feb	8.0%	11,201,000	11,058,000	(143,000)	-1.3%
Mar	8.3%	11,718,000	11,383,000	(335,000)	-2.9%
Apr	8.5%	11,896,000	12,430,000	534,000	4.5%
May	7.9%	11,053,000	11,359,000	306,000	2.8%
Jun	8.1%	11,430,000	12,540,000	1,110,000	9.7%
Totals	100.0%	\$ 140,575,000	\$ 138,649,000	\$ (1,926,000)	-1.4%

Cumulative Amounts

	2022-23 Budget		2022-23 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	8.4%	\$ 11,776,000	\$ 11,159,000	\$ (617,000)	-5.2%
Jul-Aug	16.3%	22,937,000	21,800,000	(1,137,000)	-5.0%
Jul-Sep	24.3%	34,223,000	32,751,000	(1,472,000)	-4.3%
Jul-Oct	33.5%	47,057,000	44,359,000	(2,698,000)	-5.7%
Jul-Nov	41.6%	58,486,000	54,843,000	(3,643,000)	-6.2%
Jul-Dec	50.0%	70,339,000	66,395,000	(3,944,000)	-5.6%
Jul-Jan	59.2%	83,277,000	79,879,000	(3,398,000)	-4.1%
Jul-Feb	67.2%	94,478,000	90,937,000	(3,541,000)	-3.7%
Jul-Mar	75.5%	106,196,000	102,320,000	(3,876,000)	-3.6%
Jul-Apr	84.0%	118,092,000	114,750,000	(3,342,000)	-2.8%
Jul-May	91.9%	129,145,000	126,109,000	(3,036,000)	-2.4%
Jul-Jun	100.0%	140,575,000	138,649,000	(1,926,000)	-1.4%

Tax and License Annual Privilege Tax Revenue Projections

	Privilege Tax		Over / (Under)	
	Method	Projected Budget	Amount	Percent
% of Increase	\$	138,649,000	\$ 140,575,000	\$ (1,926,000) -1.4%
% Received	\$	138,649,000	\$ 140,575,000	\$ (1,926,000) -1.4%

Bed Tax Revenue - General Fund (5.0%) 2022-23 Actual Compared to Budget

Monthly Amounts

	2022-23 Budget		2022-23 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	7.1%	\$ 772,000	\$ 525,000	\$ (247,000)	-32.0%
Aug	9.0%	978,000	602,000	(376,000)	-38.4%
Sep	11.7%	1,276,000	646,000	(630,000)	-49.4%
Oct	12.6%	1,376,000	788,000	(588,000)	-42.7%
Nov	8.4%	915,000	992,000	77,000	8.4%
Dec	7.9%	855,000	1,055,000	200,000	23.4%
Jan	5.6%	605,000	1,001,000	396,000	65.5%
Feb	6.1%	660,000	1,291,000	631,000	95.6%
Mar	6.8%	739,000	1,758,000	1,019,000	137.9%
Apr	7.4%	803,000	1,925,000	1,122,000	139.7%
May	8.4%	914,000	1,272,000	358,000	39.2%
Jun	9.1%	985,000	974,000	(11,000)	-1.1%
Totals	100.0%	\$ 10,878,000	\$ 12,829,000	\$ 1,951,000	17.9%

Cumulative Amounts

	2022-23 Budget		2022-23 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	7.1%	\$ 772,000	\$ 525,000	\$ (247,000)	-32.0%
Jul-Aug	16.1%	1,750,000	1,127,000	(623,000)	-35.6%
Jul-Sep	27.8%	3,026,000	1,773,000	(1,253,000)	-41.4%
Jul-Oct	40.5%	4,402,000	2,561,000	(1,841,000)	-41.8%
Jul-Nov	48.9%	5,317,000	3,553,000	(1,764,000)	-33.2%
Jul-Dec	56.7%	6,172,000	4,608,000	(1,564,000)	-25.3%
Jul-Jan	62.3%	6,777,000	5,609,000	(1,168,000)	-17.2%
Jul-Feb	68.4%	7,437,000	6,900,000	(537,000)	-7.2%
Jul-Mar	75.2%	8,176,000	8,658,000	482,000	5.9%
Jul-Apr	82.5%	8,979,000	10,583,000	1,604,000	17.9%
Jul-May	90.9%	9,893,000	11,855,000	1,962,000	19.8%
Jul-Jun	100.0%	10,878,000	12,829,000	1,951,000	17.9%

Tax and License Annual Privilege Tax Revenue Projections

	Bed Tax		Over / (Under)	
	Method	Projected Budget	Amount	Percent
% of Increase	\$	12,829,000	\$ 10,878,000	\$ 1,951,000 17.9%
% Received	\$	12,829,000	\$ 10,878,000	\$ 1,951,000 17.9%

Total General Fund Tax Revenue 2022-23 Actual Compared to Budget

Monthly Amounts

	2022-23 Budget		2022-23 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	8.3%	\$ 12,548,000	\$ 11,684,000	\$ (864,000)	-6.9%
Aug	8.0%	12,139,000	11,243,000	(896,000)	-7.4%
Sep	8.3%	12,562,000	11,597,000	(965,000)	-7.7%
Oct	9.4%	14,210,000	12,396,000	(1,814,000)	-12.8%
Nov	8.2%	12,344,000	11,476,000	(868,000)	-7.0%
Dec	8.4%	12,708,000	12,607,000	(101,000)	-0.8%
Jan	8.9%	13,543,000	14,485,000	942,000	7.0%
Feb	7.8%	11,861,000	12,349,000	488,000	4.1%
Mar	8.2%	12,457,000	13,141,000	684,000	5.5%
Apr	8.4%	12,699,000	14,355,000	1,656,000	13.0%
May	7.9%	11,967,000	12,631,000	664,000	5.5%
Jun	8.2%	12,415,000	13,514,000	1,099,000	8.9%
Totals	100.0%	\$ 151,453,000	\$ 151,478,000	\$ 25,000	0.0%

Cumulative Amounts

	2022-23 Budget		2022-23 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	8.3%	\$ 12,548,000	\$ 11,684,000	\$ (864,000)	-6.9%
Jul-Aug	16.3%	24,687,000	22,927,000	(1,760,000)	-7.1%
Jul-Sep	24.6%	37,249,000	34,524,000	(2,725,000)	-7.3%
Jul-Oct	34.0%	51,459,000	46,920,000	(4,539,000)	-8.8%
Jul-Nov	42.1%	63,803,000	58,396,000	(5,407,000)	-8.5%
Jul-Dec	50.5%	76,511,000	71,003,000	(5,508,000)	-7.2%
Jul-Jan	59.5%	90,054,000	85,488,000	(4,566,000)	-5.1%
Jul-Feb	67.3%	101,915,000	97,837,000	(4,078,000)	-4.0%
Jul-Mar	75.5%	114,372,000	110,978,000	(3,394,000)	-3.0%
Jul-Apr	83.9%	127,071,000	125,333,000	(1,738,000)	-1.4%
Jul-May	91.8%	139,038,000	137,964,000	(1,074,000)	-0.8%
Jul-Jun	100.0%	151,453,000	151,478,000	25,000	0.0%

Tax and License Annual Privilege Tax Revenue Projections

	Total Tax		Over / (Under)	
	Method	Projected Budget	Amount	Percent
% of Increase	\$	151,478,000	\$ 151,453,000	\$ 25,000 0.0%
% Received	\$	151,478,000	\$ 151,453,000	\$ 25,000 0.0%