

# MEMORANDUM



TO: Mayor and Council  
FROM: Lauri Oszakiewski, Senior Municipal Budget & Finance Analyst  
THROUGH: Tom Duensing, Deputy City Manager  
Lisette Camacho, Financial Services Director  
DATE: March 8, 2024  
SUBJECT: Tax Revenue Statistical Report – January 2024

## 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 January 2024 report summarizes our analysis of the December sales activity reported to the Arizona Department of Revenue (ADOR).

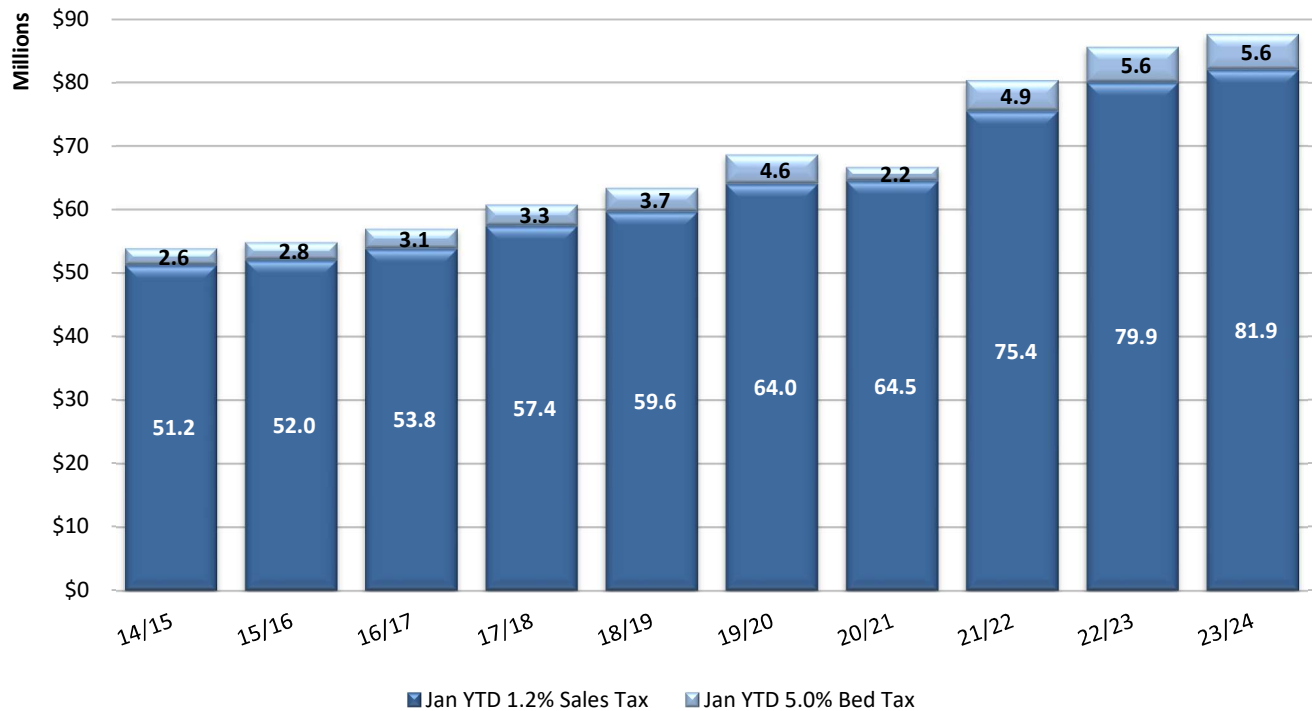
## Overall Highlights

Total fiscal year to date taxable *sales* increased by 1.6% over the same year to date period in the prior fiscal year. Total sales tax *revenue* is up 1.7% or \$2.2 million, due to growth in rentals (\$1.5 million), contracting (\$1.0 million) and retail (\$380 thousand) 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 2014/15 through FY 2023/24. General Fund sales and bed tax revenue for FY 2023/24 is up 2.4% or \$2.0 million over the prior year to date period.

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





## Executive Summary

Current Month - January	2020-21		2021-22		2022-23		2023-24	
		Change		Change		Change		Change
<b>Taxable Sales</b>								
Total Taxable Sales	917,652,000	5.6%	1,086,278,000	18.4%	1,143,714,000	5.3%	1,122,947,000	-1.8%
Retail Taxable Sales	566,605,000	13.1%	662,741,000	17.0%	661,650,000	-0.2%	617,065,000	-6.7%
<b>Tax Revenues by Fund</b>								
General Fund								
Privilege Tax (1.2%)	10,667,000	7.4%	12,479,000	17.0%	13,484,000	8.1%	13,265,000	-1.6%
Bed Tax (5.0%)	298,000	-55.3%	849,000	184.9%	1,001,000	17.9%	878,000	-12.3%
Privilege Tax Rebates	273,000	-18.5%	352,000	28.9%	-	-100.0%	-	0.0%
Total General Fund	11,238,000	2.8%	13,680,000	21.7%	14,485,000	5.9%	14,143,000	-2.4%
Transit Fund								
Privilege Tax (0.5%)	4,445,000	7.4%	5,200,000	17.0%	5,619,000	8.1%	5,527,000	-1.6%
Privilege Tax Rebates	114,000	-18.0%	147,000	28.9%	-	-100.0%	-	0.0%
Total Transit Fund	4,559,000	6.6%	5,347,000	17.3%	5,619,000	5.1%	5,527,000	-1.6%
Arts & Culture Fund								
Privilege Tax (0.1%)	912,000	6.7%	1,069,000	17.2%	1,124,000	5.1%	1,105,000	-1.7%
Total Arts & Culture Fund	912,000	6.7%	1,069,000	17.2%	1,124,000	5.1%	1,105,000	-1.7%
<b>Totals</b>	<b>16,709,000</b>	<b>4.0%</b>	<b>20,096,000</b>	<b>20.3%</b>	<b>21,228,000</b>	<b>5.6%</b>	<b>20,775,000</b>	<b>-2.1%</b>
<b>Tax Revenues by Business Activities</b>								
Retail	10,199,000	13.1%	11,929,000	17.0%	11,910,000	-0.2%	11,107,000	-6.7%
Rentals	3,118,000	1.6%	3,490,000	11.9%	4,052,000	16.1%	4,521,000	11.6%
Utilities/Communication	498,000	-6.4%	492,000	-1.2%	544,000	10.6%	593,000	9.0%
Restaurants	939,000	-23.3%	1,422,000	51.4%	1,537,000	8.1%	1,678,000	9.2%
Contracting	997,000	-4.6%	1,302,000	30.6%	1,059,000	-18.7%	1,211,000	14.4%
Hotel/Motel	116,000	-53.0%	327,000	181.9%	433,000	32.4%	336,000	-22.4%
Transient (Bed Tax)	298,000	-55.3%	849,000	184.9%	1,001,000	17.9%	878,000	-12.3%
Non-Recurring Business Activities	409,000	2052.6%	26,000	-93.6%	370,000	1323.1%	-	-100.0%
Amusements	72,000	-62.5%	146,000	102.8%	191,000	30.8%	312,000	63.4%
All Other	62,000	26.5%	113,000	82.3%	132,000	16.8%	139,000	5.3%
<b>Totals</b>	<b>16,709,000</b>	<b>4.0%</b>	<b>20,096,000</b>	<b>20.3%</b>	<b>21,228,000</b>	<b>5.6%</b>	<b>20,775,000</b>	<b>-2.1%</b>
<b>Retail Tax Revenues by Activities</b>								
Automotive	1,240,000	-3.2%	1,479,000	19.3%	1,377,000	-6.9%	1,377,000	0.0%
Building Supply Stores	324,000	12.9%	379,000	17.0%	404,000	6.6%	373,000	-7.7%
Department Stores	1,367,000	-8.7%	1,610,000	17.8%	1,660,000	3.1%	1,651,000	-0.5%
Drug/Small Stores	1,651,000	5.2%	1,763,000	6.8%	1,750,000	-0.7%	1,593,000	-9.0%
Furniture/Equipment/Electronics	754,000	18.6%	808,000	7.2%	588,000	-27.2%	571,000	-2.9%
Grocery Stores	1,224,000	3.4%	1,315,000	7.4%	1,359,000	3.3%	1,307,000	-3.8%
Manufacturing Firms	764,000	25.7%	1,000,000	30.9%	504,000	-49.6%	507,000	0.6%
All Other Retail	2,875,000	46.8%	3,575,000	24.3%	4,268,000	19.4%	3,728,000	-12.7%
<b>Totals</b>	<b>10,199,000</b>	<b>13.1%</b>	<b>11,929,000</b>	<b>17.0%</b>	<b>11,910,000</b>	<b>-0.2%</b>	<b>11,107,000</b>	<b>-6.7%</b>
<b>Fiscal Year to Date - January</b>								
	2020-21	Change	2021-22	Change	2022-23	Change	2023-24	Change
<b>Taxable Sales</b>								
Total Taxable Sales	5,531,493,000	-0.9%	6,527,353,000	18.0%	6,849,734,000	4.9%	6,962,565,000	1.6%
Retail Taxable Sales	3,229,169,000	7.1%	3,794,286,000	17.5%	3,684,935,000	-2.9%	3,793,712,000	3.0%
<b>Tax Revenues by Fund</b>								
General Fund								
Privilege Tax (1.2%)	64,451,000	0.7%	75,392,000	17.0%	79,880,000	6.0%	81,934,000	2.6%
Bed Tax (5.0%)	2,174,000	-52.6%	4,869,000	124.0%	5,608,000	15.2%	5,589,000	-0.3%
Privilege Tax Rebates	1,405,000	-25.6%	1,768,000	25.8%	971,000	-45.1%	377,000	-61.2%
Total General Fund	68,030,000	-3.4%	82,029,000	20.6%	86,459,000	5.4%	87,900,000	1.7%
Transit Fund								
Privilege Tax (0.5%)	26,855,000	0.7%	31,414,000	17.0%	33,283,000	5.9%	34,294,000	3.0%
Privilege Tax Rebates	585,000	-23.5%	736,000	25.8%	404,000	-45.1%	-	-100.0%
Total Transit Fund	27,440,000	0.0%	32,150,000	17.2%	33,687,000	4.8%	34,294,000	1.8%
Arts & Culture Fund								
Privilege Tax (0.1%)	5,488,000	0.0%	6,430,000	17.2%	6,738,000	4.8%	6,859,000	1.8%
Total Arts & Culture Fund	5,488,000	0.0%	6,430,000	17.2%	6,738,000	4.8%	6,859,000	1.8%
<b>Totals</b>	<b>100,958,000</b>	<b>-51.2%</b>	<b>120,609,000</b>	<b>19.5%</b>	<b>126,884,000</b>	<b>5.2%</b>	<b>129,053,000</b>	<b>1.7%</b>
<b>Tax Revenues by Business Activities</b>								
Retail	58,024,000	7.0%	68,297,000	17.7%	65,091,000	-4.7%	65,471,000	0.6%
Rentals	19,187,000	2.8%	21,607,000	12.6%	24,769,000	14.6%	26,235,000	5.9%
Utilities/Communication	5,005,000	-1.2%	5,042,000	0.7%	5,331,000	5.7%	5,570,000	4.5%
Restaurants	6,195,000	-20.7%	9,098,000	46.9%	9,861,000	8.4%	10,111,000	2.5%
Contracting	7,017,000	-10.9%	6,084,000	-13.3%	6,813,000	12.0%	7,838,000	15.0%
Hotel/Motel	846,000	-49.5%	1,861,000	120.0%	2,238,000	20.3%	2,262,000	1.1%
Transient (Bed Tax)	2,174,000	-52.6%	4,869,000	124.0%	5,608,000	15.2%	5,823,000	3.8%
Non-Recurring Business Activities	1,652,000	-18.8%	2,085,000	26.2%	5,225,000	150.6%	3,660,000	-30.0%
Amusements	387,000	-57.2%	925,000	139.0%	1,203,000	30.1%	1,361,000	13.1%
All Other	471,000	-99.5%	740,000	57.1%	746,000	0.8%	722,000	-3.2%
<b>Totals</b>	<b>100,958,000</b>	<b>-51.2%</b>	<b>120,609,000</b>	<b>19.5%</b>	<b>126,884,000</b>	<b>5.2%</b>	<b>129,053,000</b>	<b>1.7%</b>
<b>Retail Tax Revenues by Activities</b>								
Automotive	8,197,000	-0.8%	9,336,000	13.9%	9,552,000	2.3%	11,178,000	17.0%
Building Supply Stores	2,368,000	13.6%	2,753,000	16.3%	2,968,000	7.8%	2,738,000	-7.7%
Department Stores	7,416,000	-1.9%	8,459,000	14.1%	8,913,000	5.4%	8,861,000	-0.6%
Drug/Small Stores	9,209,000	9.8%	9,716,000	5.5%	9,276,000	-4.5%	9,098,000	-1.9%
Furniture/Equipment/Electronics	4,479,000	10.4%	4,912,000	9.7%	2,664,000	-45.8%	3,536,000	32.7%
Grocery Stores	6,232,000	5.8%	6,246,000	0.2%	6,797,000	8.8%	6,990,000	2.8%
Manufacturing Firms	4,229,000	-0.7%	6,687,000	58.1%	3,131,000	-53.2%	3,376,000	7.8%
All Other Retail	15,894,000	15.6%	20,188,000	27.0%	21,790,000	7.9%	19,694,000	-9.6%
<b>Totals</b>	<b>58,024,000</b>	<b>7.0%</b>	<b>68,297,000</b>	<b>17.7%</b>	<b>65,091,000</b>	<b>-4.7%</b>	<b>65,471,000</b>	<b>0.6%</b>

## Actual Compared to Budget Projection

### Privilege Tax Revenue - General Fund (1.2%) 2023-24 Actual Compared to Budget

#### Monthly Amounts

	2023-24 Budget		2023-24 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	8.3%	\$ 12,015,000	\$ 11,283,000	\$ (732,000)	-6.1%
Aug	8.1%	11,727,000	11,037,000	(690,000)	-5.9%
Sep	8.1%	11,714,000	11,998,000	284,000	2.4%
Oct	8.3%	11,977,000	11,355,000	(622,000)	-5.2%
Nov	7.5%	10,818,000	10,949,000	131,000	1.2%
Dec	8.2%	11,919,000	12,047,000	128,000	1.1%
Jan	9.6%	13,913,000	13,265,000	(648,000)	-4.7%
Feb	7.9%	11,410,000			
Mar	8.1%	11,745,000			
Apr	8.9%	12,825,000			
May	8.1%	11,720,000			
Jun	8.9%	12,939,000			
<b>Totals</b>	<b>100.0%</b>	<b>\$ 144,722,000</b>	<b>\$ 81,934,000</b>	<b>\$ (2,149,000)</b>	<b>-1.5%</b>

#### Cumulative Amounts

	2023-24 Budget		2023-24 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	8.3%	\$ 12,015,000	\$ 11,283,000	\$ (732,000)	-6.1%
Jul-Aug	16.4%	23,742,000	22,320,000	(1,422,000)	-6.0%
Jul-Sep	24.5%	35,456,000	34,318,000	(1,138,000)	-3.2%
Jul-Oct	32.8%	47,433,000	45,673,000	(1,760,000)	-3.7%
Jul-Nov	40.3%	58,251,000	56,622,000	(1,629,000)	-2.8%
Jul-Dec	48.5%	70,170,000	68,669,000	(1,501,000)	-2.1%
Jul-Jan	58.1%	84,083,000	81,934,000	(2,149,000)	-2.6%
Jul-Feb	66.0%	95,493,000			
Jul-Mar	74.1%	107,238,000			
Jul-Apr	83.0%	120,063,000			
Jul-May	91.1%	131,783,000			
Jul-Jun	100.0%	144,722,000			

#### Tax and License Annual Privilege Tax Revenue Projections

Method	Privilege Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 142,214,000	\$ 144,722,000	\$ (2,508,000)	-1.7%
% Received	\$ 141,023,000	\$ 144,722,000	\$ (3,699,000)	-2.6%

### Bed Tax Revenue - General Fund (5.0%) 2023-24 Actual Compared to Budget

#### Monthly Amounts

	2023-24 Budget		2023-24 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	6.4%	\$ 785,000	\$ 688,000	\$ (97,000)	-12.4%
Aug	9.7%	1,188,000	534,000	(654,000)	-55.1%
Sep	12.6%	1,549,000	663,000	(886,000)	-57.2%
Oct	5.1%	626,000	854,000	228,000	36.4%
Nov	6.4%	788,000	960,000	172,000	21.8%
Dec	6.8%	838,000	1,012,000	174,000	20.8%
Jan	6.5%	795,000	878,000	83,000	10.4%
Feb	8.3%	1,025,000			
Mar	11.3%	1,396,000			
Apr	12.4%	1,528,000			
May	8.2%	1,010,000			
Jun	6.3%	773,000			
<b>Totals</b>	<b>100.0%</b>	<b>\$ 12,301,000</b>	<b>\$ 5,589,000</b>	<b>\$ (980,000)</b>	<b>-8.0%</b>

#### Cumulative Amounts

	2023-24 Budget		2023-24 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	6.4%	\$ 785,000	\$ 688,000	\$ (97,000)	-12.4%
Jul-Aug	16.0%	1,973,000	1,222,000	(751,000)	-38.1%
Jul-Sep	28.6%	3,522,000	1,885,000	(1,637,000)	-46.5%
Jul-Oct	33.7%	4,148,000	2,739,000	(1,409,000)	-34.0%
Jul-Nov	40.1%	4,936,000	3,699,000	(1,237,000)	-25.1%
Jul-Dec	46.9%	5,774,000	4,711,000	(1,063,000)	-18.4%
Jul-Jan	53.4%	6,569,000	5,589,000	(980,000)	-14.9%
Jul-Feb	61.7%	7,594,000			
Jul-Mar	73.1%	8,990,000			
Jul-Apr	85.5%	10,518,000			
Jul-May	93.7%	11,528,000			
Jul-Jun	100.0%	12,301,000			

#### Tax and License Annual Privilege Tax Revenue Projections

Method	Bed Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 12,785,000	\$ 12,301,000	\$ 484,000	3.9%
% Received	\$ 10,466,000	\$ 12,301,000	\$ (1,835,000)	-14.9%

### Total General Fund Tax Revenue 2023-24 Actual Compared to Budget

#### Monthly Amounts

	2023-24 Budget		2023-24 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	8.2%	\$ 12,800,000	\$ 11,971,000	\$ (829,000)	-6.5%
Aug	8.2%	12,915,000	11,571,000	(1,344,000)	-10.4%
Sep	8.4%	13,263,000	12,661,000	(602,000)	-4.5%
Oct	8.0%	12,603,000	12,209,000	(394,000)	-3.1%
Nov	7.4%	11,606,000	11,909,000	303,000	2.6%
Dec	8.1%	12,757,000	13,059,000	302,000	2.4%
Jan	9.4%	14,708,000	14,143,000	(565,000)	-3.8%
Feb	7.9%	12,435,000			
Mar	8.4%	13,141,000			
Apr	9.1%	14,353,000			
May	8.1%	12,730,000			
Jun	8.7%	13,712,000			
<b>Totals</b>	<b>100.0%</b>	<b>\$ 157,023,000</b>	<b>\$ 87,523,000</b>	<b>\$ (3,129,000)</b>	<b>-2.0%</b>

#### Cumulative Amounts

	2023-24 Budget		2023-24 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	8.2%	\$ 12,800,000	\$ 11,971,000	\$ (829,000)	-6.5%
Jul-Aug	16.4%	25,715,000	23,542,000	(2,173,000)	-8.5%
Jul-Sep	24.8%	38,978,000	36,203,000	(2,775,000)	-7.1%
Jul-Oct	32.8%	51,581,000	48,412,000	(3,169,000)	-6.1%
Jul-Nov	40.2%	63,187,000	60,321,000	(2,866,000)	-4.5%
Jul-Dec	48.4%	75,944,000	73,380,000	(2,564,000)	-3.4%
Jul-Jan	57.7%	90,652,000	87,523,000	(3,129,000)	-3.5%
Jul-Feb	65.7%	103,087,000			
Jul-Mar	74.0%	116,228,000			
Jul-Apr	83.2%	130,581,000			
Jul-May	91.3%	143,311,000			
Jul-Jun	100.0%	157,023,000			

#### Tax and License Annual Privilege Tax Revenue Projections

Method	Total Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 155,083,000	\$ 157,023,000	\$ (1,940,000)	-1.2%
% Received	\$ 151,603,000	\$ 157,023,000	\$ (5,420,000)	-3.5%