

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: May 31, 2024
SUBJECT: Tax Revenue Statistical Report – April 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 April 2024 report summarizes our analysis of the March sales activity reported to the Arizona Department of Revenue (ADOR).

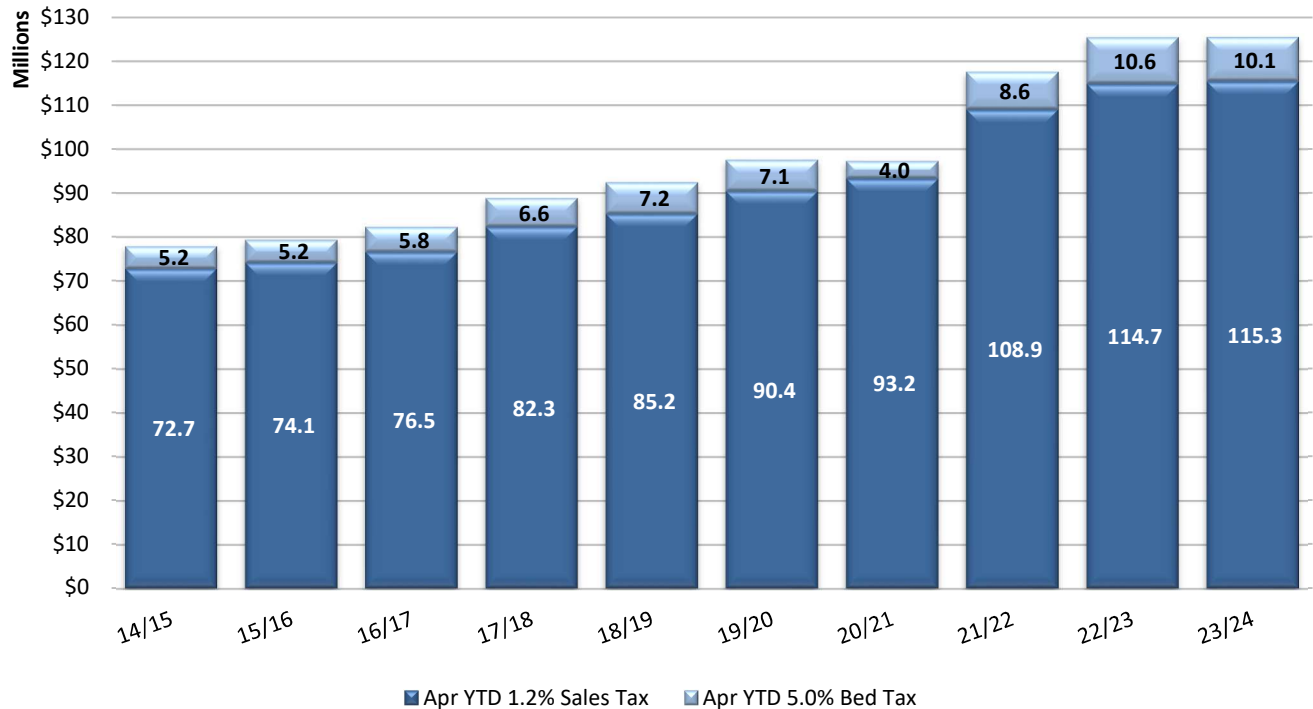
Overall Highlights

Total fiscal year to date taxable *sales* increased by 0.1% over the same year to date period in the prior fiscal year. Total sales tax *revenue* is up 0.1% or \$190 thousand, due to growth in rentals (\$2.1 million), contracting (\$1.4 million) and restaurants (\$502 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 0.1% or \$72 thousand over the prior year to date period.

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



Executive Summary

Current Month - April	2020-21		2021-22		2022-23		2023-24	
		Change		Change		Change		Change
Taxable Sales								
Total Taxable Sales	909,327,000	16.4%	1,076,273,000	18.4%	1,074,339,000	-0.2%	1,022,251,000	-4.8%
Retail Taxable Sales	538,752,000	16.2%	621,493,000	15.4%	573,454,000	-7.7%	502,174,000	-12.4%
Tax Revenues by Fund								
General Fund								
Privilege Tax (1.2%)	10,450,000	15.3%	12,183,000	16.6%	12,429,000	2.0%	11,735,000	-5.6%
Bed Tax (5.0%)	801,000	36.5%	1,590,000	98.5%	1,919,000	20.7%	1,777,000	-7.4%
Privilege Tax Rebates	270,000	61.7%	350,000	29.6%	7,000	-98.0%	154,000	2100.0%
Total General Fund	11,521,000	17.3%	14,123,000	22.6%	14,355,000	1.6%	13,666,000	-4.8%
Transit Fund								
Privilege Tax (0.5%)	4,354,000	15.2%	5,076,000	16.6%	5,179,000	2.0%	4,954,000	-4.3%
Privilege Tax Rebates	112,000	62.3%	146,000	30.4%	-	-100.0%	-	0.0%
Total Transit Fund	4,466,000	16.1%	5,222,000	16.9%	5,179,000	-0.8%	4,954,000	-4.3%
Arts & Culture Fund								
Privilege Tax (0.1%)	893,000	16.1%	1,044,000	16.9%	1,036,000	-0.8%	991,000	-4.3%
Total Arts & Culture Fund	893,000	16.1%	1,044,000	16.9%	1,036,000	-0.8%	991,000	-4.3%
Totals	16,880,000	16.9%	20,389,000	20.8%	20,570,000	0.9%	19,611,000	-4.7%
Tax Revenues by Business Activities								
Retail	9,698,000	16.2%	11,187,000	15.4%	10,197,000	-8.8%	9,039,000	-11.4%
Rentals	3,061,000	11.0%	3,382,000	10.5%	3,916,000	15.8%	4,266,000	8.9%
Utilities/Communication	497,000	-0.8%	528,000	6.2%	600,000	13.6%	525,000	-12.5%
Restaurants	1,299,000	55.2%	1,588,000	22.2%	1,687,000	6.2%	1,824,000	8.1%
Contracting	927,000	-12.8%	1,046,000	12.8%	1,083,000	3.5%	1,076,000	-0.6%
Hotel/Motel	307,000	41.5%	610,000	98.7%	751,000	23.1%	740,000	-1.5%
Transient (Bed Tax)	801,000	36.5%	1,590,000	98.5%	1,925,000	21.1%	1,890,000	-1.8%
Non-Recurring Business Activities	67,000	100.0%	198,000	195.5%	132,000	-33.3%	-	-100.0%
Amusements	92,000	22.7%	182,000	97.8%	207,000	13.7%	200,000	-3.4%
All Other	132,000	131.6%	80,000	-39.4%	71,000	-11.3%	48,000	-32.4%
Totals	16,880,000	16.9%	20,389,000	20.8%	20,570,000	0.9%	19,611,000	-4.7%
Retail Tax Revenues by Activities								
Automotive	1,563,000	58.4%	1,579,000	1.0%	1,435,000	-9.1%	908,000	-36.7%
Building Supply Stores	396,000	16.1%	483,000	22.0%	391,000	-19.0%	375,000	-4.1%
Department Stores	1,319,000	35.4%	1,277,000	-3.2%	1,236,000	-3.2%	1,246,000	0.8%
Drug/Small Stores	1,424,000	10.0%	1,495,000	5.0%	1,584,000	6.0%	1,349,000	-14.8%
Furniture/Equipment/Electronics	580,000	11.5%	837,000	44.3%	543,000	-35.1%	423,000	-22.1%
Grocery Stores	880,000	-13.0%	1,000,000	13.6%	1,126,000	12.6%	988,000	-12.3%
Manufacturing Firms	708,000	-0.7%	1,168,000	65.0%	574,000	-50.9%	364,000	-36.6%
All Other Retail	2,828,000	13.0%	3,348,000	18.4%	3,308,000	-1.2%	3,386,000	2.4%
Totals	9,698,000	16.2%	11,187,000	15.4%	10,197,000	-8.8%	9,039,000	-11.4%
Fiscal Year to Date - April								
	2020-21		2021-22		2022-23		2023-24	
		Change		Change		Change		Change
Taxable Sales								
Total Taxable Sales	8,020,615,000	1.8%	9,468,624,000	18.1%	9,855,099,000	4.1%	9,863,641,000	0.1%
Retail Taxable Sales	4,720,864,000	9.7%	5,459,877,000	15.7%	5,309,100,000	-2.8%	5,246,636,000	-1.2%
Tax Revenues by Fund								
General Fund								
Privilege Tax (1.2%)	93,237,000	3.2%	108,883,000	16.8%	114,749,000	5.4%	115,339,000	0.5%
Bed Tax (5.0%)	3,994,000	-43.9%	8,609,000	115.5%	10,576,000	22.8%	10,058,000	-4.9%
Privilege Tax Rebates	2,051,000	-16.6%	2,675,000	30.4%	978,000	-63.4%	859,000	-12.2%
Total General Fund	99,282,000	-0.7%	120,167,000	21.0%	126,303,000	5.1%	126,256,000	0.0%
Transit Fund								
Privilege Tax (0.5%)	38,850,000	3.1%	45,369,000	16.8%	47,813,000	5.4%	48,414,000	1.3%
Privilege Tax Rebates	854,000	-14.8%	1,113,000	30.3%	404,000	-63.7%	-	-100.0%
Total Transit Fund	39,704,000	2.6%	46,482,000	17.1%	48,217,000	3.7%	48,414,000	0.4%
Arts & Culture Fund								
Privilege Tax (0.1%)	7,941,000	2.6%	9,296,000	17.1%	9,643,000	3.7%	9,683,000	0.4%
Total Arts & Culture Fund	7,941,000	2.6%	9,296,000	17.1%	9,643,000	3.7%	9,683,000	0.4%
Totals	146,927,000	-49.8%	175,945,000	19.7%	184,163,000	4.7%	184,353,000	0.1%
Tax Revenues by Business Activities								
Retail	84,739,000	9.4%	98,278,000	16.0%	94,201,000	-4.1%	91,624,000	-2.7%
Rentals	27,509,000	3.9%	31,114,000	13.1%	35,390,000	13.7%	37,442,000	5.8%
Utilities/Communication	6,486,000	-1.8%	6,621,000	2.1%	7,077,000	6.9%	7,358,000	4.0%
Restaurants	9,567,000	-11.7%	13,361,000	39.7%	14,610,000	9.3%	15,112,000	3.4%
Contracting	9,743,000	-13.5%	9,686,000	-0.6%	9,792,000	1.1%	11,237,000	14.8%
Hotel/Motel	1,545,000	-41.0%	3,277,000	112.1%	4,207,000	28.4%	4,075,000	-3.1%
Transient (Bed Tax)	3,994,000	-43.9%	8,609,000	115.5%	10,582,000	22.9%	10,637,000	0.5%
Non-Recurring Business Activities	1,948,000	-3.8%	2,654,000	36.2%	5,380,000	102.7%	3,661,000	-32.0%
Amusements	638,000	-47.5%	1,347,000	111.1%	1,792,000	33.0%	2,240,000	25.0%
All Other	758,000	-99.5%	999,000	31.8%	1,132,000	13.3%	969,000	-14.4%
Totals	146,927,000	-49.8%	175,945,000	19.7%	184,163,000	4.7%	184,353,000	0.1%
Retail Tax Revenues by Activities								
Automotive	12,183,000	6.2%	13,442,000	10.3%	13,526,000	0.6%	13,714,000	1.4%
Building Supply Stores	3,447,000	14.0%	4,029,000	16.9%	4,144,000	2.9%	3,866,000	-6.7%
Department Stores	10,814,000	4.6%	11,802,000	9.1%	12,285,000	4.1%	12,265,000	-0.2%
Drug/Small Stores	13,296,000	11.9%	13,913,000	4.6%	13,395,000	-3.7%	12,832,000	-4.2%
Furniture/Equipment/Electronics	6,529,000	19.1%	7,065,000	8.2%	4,476,000	-36.6%	4,970,000	11.0%
Grocery Stores	8,730,000	2.8%	9,160,000	4.9%	9,775,000	6.7%	10,004,000	2.3%
Manufacturing Firms	6,389,000	7.4%	9,550,000	49.5%	4,534,000	-52.5%	4,513,000	-0.5%
All Other Retail	23,351,000	12.3%	29,317,000	25.5%	32,066,000	9.4%	29,460,000	-8.1%
Totals	84,739,000	9.4%	98,278,000	16.0%	94,201,000	-4.1%	91,624,000	-2.7%

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	11,997,000	283,000	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	12,048,000	129,000	1.1%
Jan	9.6%	13,913,000	13,224,000	(689,000)	-5.0%
Feb	7.9%	11,410,000	11,380,000	(30,000)	-0.3%
Mar	8.1%	11,745,000	10,331,000	(1,414,000)	-12.0%
Apr	8.9%	12,825,000	11,735,000	(1,090,000)	-8.5%
May	8.1%	11,720,000			
Jun	8.9%	12,939,000			
Totals	100.0%	\$ 144,722,000	\$ 115,339,000	\$ (4,724,000)	-3.3%

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	34,317,000	(1,139,000)	-3.2%
Jul-Oct	32.8%	47,433,000	45,672,000	(1,761,000)	-3.7%
Jul-Nov	40.3%	58,251,000	56,621,000	(1,630,000)	-2.8%
Jul-Dec	48.5%	70,170,000	68,669,000	(1,501,000)	-2.1%
Jul-Jan	58.1%	84,083,000	81,893,000	(2,190,000)	-2.6%
Jul-Feb	66.0%	95,493,000	93,273,000	(2,220,000)	-2.3%
Jul-Mar	74.1%	107,238,000	103,604,000	(3,634,000)	-3.4%
Jul-Apr	83.0%	120,063,000	115,339,000	(4,724,000)	-3.9%
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	\$ 139,360,000	\$ 144,722,000	\$ (5,362,000)	-3.7%
% Received	\$ 139,028,000	\$ 144,722,000	\$ (5,694,000)	-3.9%

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	834,000	39,000	4.9%
Feb	8.3%	1,025,000	1,268,000	243,000	23.7%
Mar	11.3%	1,396,000	1,468,000	72,000	5.2%
Apr	12.4%	1,528,000	1,777,000	249,000	16.3%
May	8.2%	1,010,000			
Jun	6.3%	773,000			
Totals	100.0%	\$ 12,301,000	\$ 10,058,000	\$ (460,000)	-3.7%

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	5,545,000	(1,024,000)	-15.6%
Jul-Feb	61.7%	7,594,000	6,813,000	(781,000)	-10.3%
Jul-Mar	73.1%	8,990,000	8,281,000	(709,000)	-7.9%
Jul-Apr	85.5%	10,518,000	10,058,000	(460,000)	-4.4%
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	\$ 12,193,000	\$ 12,301,000	\$ (108,000)	-0.9%
% Received	\$ 11,763,000	\$ 12,301,000	\$ (538,000)	-4.4%

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	12,660,000	(603,000)	-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	13,060,000	303,000	2.4%
Jan	9.4%	14,708,000	14,058,000	(650,000)	-4.4%
Feb	7.9%	12,435,000	12,648,000	213,000	1.7%
Mar	8.4%	13,141,000	11,799,000	(1,342,000)	-10.2%
Apr	9.1%	14,353,000	13,512,000	(841,000)	-5.9%
May	8.1%	12,730,000			
Jun	8.7%	13,712,000			
Totals	100.0%	\$ 157,023,000	\$ 125,397,000	\$ (5,184,000)	-3.3%

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	36,202,000	(2,776,000)	-7.1%
Jul-Oct	32.8%	51,581,000	48,411,000	(3,170,000)	-6.1%
Jul-Nov	40.2%	63,187,000	60,320,000	(2,867,000)	-4.5%
Jul-Dec	48.4%	75,944,000	73,380,000	(2,564,000)	-3.4%
Jul-Jan	57.7%	90,652,000	87,438,000	(3,214,000)	-3.5%
Jul-Feb	65.7%	103,087,000	100,086,000	(3,001,000)	-2.9%
Jul-Mar	74.0%	116,228,000	111,885,000	(4,343,000)	-3.7%
Jul-Apr	83.2%	130,581,000	125,397,000	(5,184,000)	-4.0%
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	\$ 151,555,000	\$ 157,023,000	\$ (5,468,000)	-3.5%
% Received	\$ 150,789,000	\$ 157,023,000	\$ (6,234,000)	-4.0%