

# Memorandum

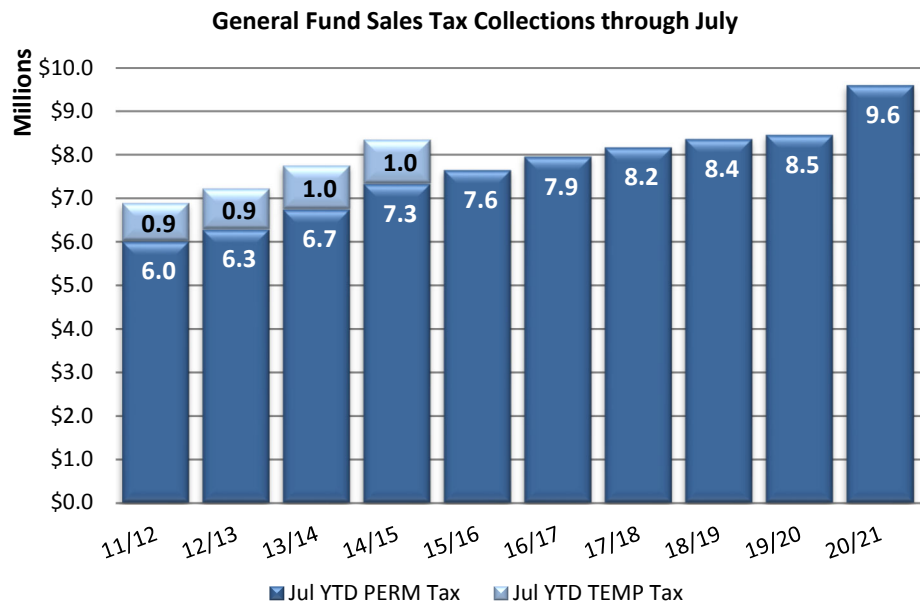


## Municipal Budget Office

Date: August 28, 2020  
 To: Mayor and Council  
 Through: Mark Day, Municipal Budget Director (8697)  
 From: Lauri Vickers, Municipal Budget & Finance Analyst (8980)  
 Subject: Tax Revenue Statistical Report – July 2020

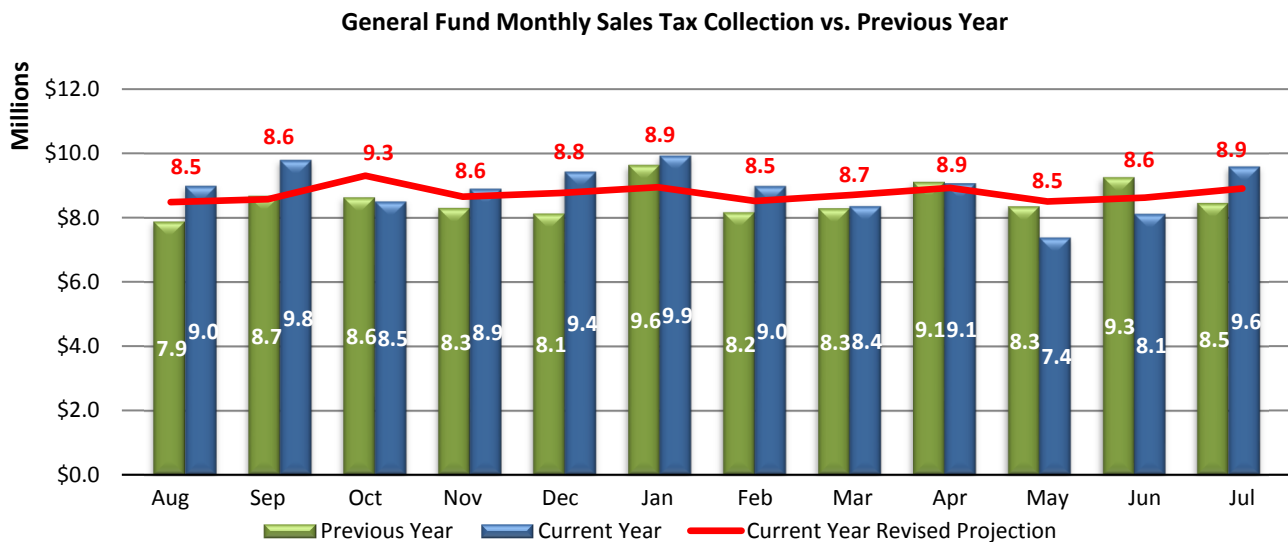
Attached is the Executive Summary of the Tax Revenue Statistical Report for July 2020 covering June sales activity reported to the Arizona Department of Revenue (ADOR).

Total year-to-date taxable sales increased by 11.2% over the same year-to-date period in the prior fiscal year. A large portion of the increase is due to a one-time collection that occurred in July. Total sales tax revenue is also up 9.6% or \$1.3 million, as a result of growth in retail (\$1.1 million), contracting (\$842 thousand), and rentals (\$47 thousand) activity. The graph to the right depicts year-to-date General Fund historical sales tax revenue from FY 2011/12 through FY 2020/21. General Fund sales tax revenue is up 14.7% or \$1.1 million over the prior year-to-date period.



The graph below represents twelve months of activity, comparing current year General Fund monthly sales tax collections to the previous year.

Although sales tax is not projected on a monthly basis, the graph below applies historical collection percentages to a revised revenue projection to gain insight into sales tax performance. The Municipal Budget Office has developed a revised revenue projection for FY 2020-21 to show the anticipated economic impact of the COVID-19 pandemic. The previous revenue projection for FY 2020-21 was developed last spring prior to the COVID-19 pandemic. Using this approach, sales tax collections in the General Fund are \$681 thousand above revised revenue projection year to date.



## Executive Summary

|  | Current Month - July |             |                   |             |                   |              | Fiscal Year to Date - July |              |                   |             |                   |             |                   |              |                   |              |
|--|----------------------|-------------|-------------------|-------------|-------------------|--------------|----------------------------|--------------|-------------------|-------------|-------------------|-------------|-------------------|--------------|-------------------|--------------|
|  | 2017-18              | Change      | 2018-19           | Change      | 2019-20           | Change       | 2020-21                    | Change       | 2017-18           | Change      | 2018-19           | Change      | 2019-20           | Change       | 2020-21           | Change       |
| <b>Taxable Sales</b>                       |                      |             |                   |             |                   |              |                            |              |                   |             |                   |             |                   |              |                   |              |
| Total Taxable Sales                        | 707,263,000          | 2.2%        | 724,206,000       | 2.4%        | 737,363,000       | 1.8%         | 819,908,000                | 11.2%        | 707,263,000       | 2.2%        | 724,206,000       | 2.4%        | 737,363,000       | 1.8%         | 819,908,000       | 11.2%        |
| Retail Taxable Sales                       | 397,469,000          | 15.5%       | 415,049,000       | 4.4%        | 401,857,000       | -3.2%        | 460,741,000                | 14.7%        | 397,469,000       | 15.5%       | 415,049,000       | 4.4%        | 401,857,000       | -3.2%        | 460,741,000       | 14.7%        |
| <b>Tax Revenues by Funds</b>               |                      |             |                   |             |                   |              |                            |              |                   |             |                   |             |                   |              |                   |              |
| Privilege Tax - General Fund (1.2%)        | 8,162,000            | 2.7%        | 8,353,000         | 2.3%        | 8,451,000         | 1.2%         | 9,587,000                  | 13.4%        | 8,162,000         | 2.7%        | 8,353,000         | 2.3%        | 8,451,000         | 1.2%         | 9,587,000         | 13.4%        |
| Bed Tax - General Fund                     | 389,000              | -11.2%      | 404,000           | 3.9%        | 545,000           | 34.9%        | 269,000                    | -50.6%       | 389,000           | -11.2%      | 404,000           | 3.9%        | 545,000           | 34.9%        | 269,000           | -50.6%       |
| Privilege Tax Rebates - General Fund       | 325,000              | -5.5%       | 341,000           | 4.9%        | 375,000           | 10.0%        | 265,000                    | -29.3%       | 325,000           | -5.5%       | 341,000           | 4.9%        | 375,000           | 10.0%        | 265,000           | -29.3%       |
| Transit Tax Fund (0.5%)                    | 3,404,000            | 2.7%        | 3,481,000         | 2.3%        | 3,524,000         | 1.2%         | 3,995,000                  | 13.4%        | 3,404,000         | 2.7%        | 3,481,000         | 2.3%        | 3,524,000         | 1.2%         | 3,995,000         | 13.4%        |
| Performing Arts Tax Fund (0.1%)            | 699,000              | 2.3%        | 716,000           | 2.4%        | 726,000           | 1.4%         | 815,000                    | 12.3%        | 699,000           | 2.3%        | 716,000           | 2.4%        | 726,000           | 1.4%         | 815,000           | 12.3%        |
| <b>Totals</b>                              | <b>12,979,000</b>    | <b>1.9%</b> | <b>13,295,000</b> | <b>2.4%</b> | <b>13,621,000</b> | <b>2.5%</b>  | <b>14,931,000</b>          | <b>9.6%</b>  | <b>12,979,000</b> | <b>1.9%</b> | <b>13,295,000</b> | <b>2.4%</b> | <b>13,621,000</b> | <b>2.5%</b>  | <b>14,931,000</b> | <b>9.6%</b>  |
| <b>Tax Revenues by Business Activities</b> |                      |             |                   |             |                   |              |                            |              |                   |             |                   |             |                   |              |                   |              |
| Retail                                     | 7,154,000            | 9.1%        | 7,471,000         | 4.4%        | 7,233,000         | -3.2%        | 8,293,000                  | 14.7%        | 7,154,000         | 9.1%        | 7,471,000         | 4.4%        | 7,233,000         | -3.2%        | 8,293,000         | 14.7%        |
| Rentals                                    | 2,123,000            | -9.4%       | 2,340,000         | 10.2%       | 2,656,000         | 13.5%        | 2,698,000                  | 1.6%         | 2,123,000         | -9.4%       | 2,340,000         | 10.2%       | 2,656,000         | 13.5%        | 2,698,000         | 1.6%         |
| Utilities/Communication                    | 794,000              | -11.4%      | 748,000           | -5.8%       | 663,000           | -11.4%       | 710,000                    | 7.1%         | 794,000           | -11.4%      | 748,000           | -5.8%       | 663,000           | -11.4%       | 710,000           | 7.1%         |
| Restaurants                                | 981,000              | 8.8%        | 1,027,000         | 4.7%        | 1,078,000         | 5.0%         | 840,000                    | -22.1%       | 981,000           | 8.8%        | 1,027,000         | 4.7%        | 1,078,000         | 5.0%         | 840,000           | -22.1%       |
| Contracting                                | 1,176,000            | 3.5%        | 938,000           | -20.2%      | 1,036,000         | 10.4%        | 1,878,000                  | 81.3%        | 1,176,000         | 3.5%        | 938,000           | -20.2%      | 1,036,000         | 10.4%        | 1,878,000         | 81.3%        |
| Hotel/Motel                                | 148,000              | -34.8%      | 169,000           | 14.2%       | 205,000           | 21.3%        | 103,000                    | -49.8%       | 148,000           | -34.8%      | 169,000           | 14.2%       | 205,000           | 21.3%        | 103,000           | -49.8%       |
| Transient (Bed Tax)                        | 389,000              | -11.2%      | 404,000           | 3.9%        | 545,000           | 34.9%        | 269,000                    | -50.6%       | 389,000           | -11.2%      | 404,000           | 3.9%        | 545,000           | 34.9%        | 269,000           | -50.6%       |
| Amusements                                 | 141,000              | -15.1%      | 140,000           | -0.7%       | 148,000           | 5.7%         | 72,000                     | -51.4%       | 141,000           | -15.1%      | 140,000           | -0.7%       | 148,000           | 5.7%         | 72,000            | -51.4%       |
| All Other                                  | 73,000               | 0.0%        | 58,000            | -20.5%      | 57,000            | -1.7%        | 68,000                     | 19.3%        | 73,000            | 0.0%        | 58,000            | -20.5%      | 57,000            | -1.7%        | 68,000            | 19.3%        |
| <b>Totals</b>                              | <b>12,979,000</b>    | <b>1.9%</b> | <b>13,295,000</b> | <b>2.4%</b> | <b>13,621,000</b> | <b>2.5%</b>  | <b>14,931,000</b>          | <b>9.6%</b>  | <b>12,979,000</b> | <b>1.9%</b> | <b>13,295,000</b> | <b>2.4%</b> | <b>13,621,000</b> | <b>2.5%</b>  | <b>14,931,000</b> | <b>9.6%</b>  |
| <b>Retail Tax Revenues by Activities</b>   |                      |             |                   |             |                   |              |                            |              |                   |             |                   |             |                   |              |                   |              |
| Automotive                                 | 1,067,000            | 13.0%       | 1,101,000         | 3.2%        | 1,201,000         | 9.1%         | 1,180,000                  | -1.7%        | 1,067,000         | 13.0%       | 1,101,000         | 3.2%        | 1,201,000         | 9.1%         | 1,180,000         | -1.7%        |
| Building Supply Stores                     | 294,000              | 22.0%       | 296,000           | 0.7%        | 332,000           | 12.2%        | 353,000                    | 6.3%         | 294,000           | 22.0%       | 296,000           | 0.7%        | 332,000           | 12.2%        | 353,000           | 6.3%         |
| Department Stores                          | 945,000              | -3.5%       | 1,006,000         | 6.5%        | 967,000           | -3.9%        | 1,029,000                  | 6.4%         | 945,000           | -3.5%       | 1,006,000         | 6.5%        | 967,000           | -3.9%        | 1,029,000         | 6.4%         |
| Drug/Small Stores                          | 853,000              | 58.0%       | 1,028,000         | 20.5%       | 1,058,000         | 2.9%         | 1,315,000                  | 24.3%        | 853,000           | 58.0%       | 1,028,000         | 20.5%       | 1,058,000         | 2.9%         | 1,315,000         | 24.3%        |
| Furniture/Equipment/Electronics            | 768,000              | -49.2%      | 726,000           | -5.5%       | 741,000           | 2.1%         | 704,000                    | -5.0%        | 768,000           | -49.2%      | 726,000           | -5.5%       | 741,000           | 2.1%         | 704,000           | -5.0%        |
| Grocery Stores                             | 727,000              | 5.7%        | 724,000           | -0.4%       | 728,000           | 0.6%         | 823,000                    | 13.0%        | 727,000           | 5.7%        | 724,000           | -0.4%       | 728,000           | 0.6%         | 823,000           | 13.0%        |
| Manufacturing Firms                        | 674,000              | 77.8%       | 877,000           | 30.1%       | 498,000           | -43.2%       | 659,000                    | 32.3%        | 674,000           | 77.8%       | 877,000           | 30.1%       | 498,000           | -43.2%       | 659,000           | 32.3%        |
| All Other Retail                           | 1,826,000            | 43.3%       | 1,713,000         | -6.2%       | 1,708,000         | -0.3%        | 2,230,000                  | 30.6%        | 1,826,000         | 43.3%       | 1,713,000         | -6.2%       | 1,708,000         | -0.3%        | 2,230,000         | 30.6%        |
| <b>Totals</b>                              | <b>7,154,000</b>     | <b>9.1%</b> | <b>7,471,000</b>  | <b>4.4%</b> | <b>7,233,000</b>  | <b>-3.2%</b> | <b>8,293,000</b>           | <b>14.7%</b> | <b>7,154,000</b>  | <b>9.1%</b> | <b>7,471,000</b>  | <b>4.4%</b> | <b>7,233,000</b>  | <b>-3.2%</b> | <b>8,293,000</b>  | <b>14.7%</b> |

**Privilege Tax Revenue - General Fund (1.2%)  
2020-21 Actual Compared to Revised Projection**

**Monthly Amounts**

|               | 2020-21 Revised Projection |                       | 2020-21 Actual      | Over / (Under)    |             |
|---------------|----------------------------|-----------------------|---------------------|-------------------|-------------|
|               | Percent                    | Amount                |                     | Amount            | Percent     |
| Jul           | 8.9%                       | \$ 8,906,000          | \$ 9,587,000        | \$ 681,000        | 7.6%        |
| Aug           | 7.6%                       | 7,575,000             |                     |                   |             |
| Sep           | 7.5%                       | 7,509,000             |                     |                   |             |
| Oct           | 8.4%                       | 8,464,000             |                     |                   |             |
| Nov           | 7.2%                       | 7,246,000             |                     |                   |             |
| Dec           | 7.8%                       | 7,803,000             |                     |                   |             |
| Jan           | 8.7%                       | 8,756,000             |                     |                   |             |
| Feb           | 8.5%                       | 8,488,000             |                     |                   |             |
| Mar           | 9.1%                       | 9,140,000             |                     |                   |             |
| Apr           | 8.9%                       | 8,898,000             |                     |                   |             |
| May           | 8.5%                       | 8,542,000             |                     |                   |             |
| Jun           | 8.9%                       | 8,919,000             |                     |                   |             |
| <b>Totals</b> | <b>100.0%</b>              | <b>\$ 100,246,000</b> | <b>\$ 9,587,000</b> | <b>\$ 681,000</b> | <b>0.7%</b> |

**Cumulative Amounts**

|         | 2020-21 Revised Projection |              | 2020-21 Actual | Over / (Under) |         |
|---------|----------------------------|--------------|----------------|----------------|---------|
|         | Percent                    | Amount       |                | Amount         | Percent |
| Jul     | 8.9%                       | \$ 8,906,000 | \$ 9,587,000   | \$ 681,000     | 7.6%    |
| Jul-Aug | 16.4%                      | 16,481,000   |                |                |         |
| Jul-Sep | 23.9%                      | 23,990,000   |                |                |         |
| Jul-Oct | 32.4%                      | 32,454,000   |                |                |         |
| Jul-Nov | 39.6%                      | 39,700,000   |                |                |         |
| Jul-Dec | 47.4%                      | 47,503,000   |                |                |         |
| Jul-Jan | 56.1%                      | 56,259,000   |                |                |         |
| Jul-Feb | 64.6%                      | 64,747,000   |                |                |         |
| Jul-Mar | 73.7%                      | 73,887,000   |                |                |         |
| Jul-Apr | 82.6%                      | 82,785,000   |                |                |         |
| Jul-May | 91.1%                      | 91,327,000   |                |                |         |
| Jul-Jun | 100.0%                     | 100,246,000  |                |                |         |

**Tax and License Annual Privilege Tax Revenue Projections**

| Method              | Privilege Tax  |                | Over / (Under) |         |
|---------------------|----------------|----------------|----------------|---------|
|                     | Projected      | Projected      | Amount         | Percent |
| Percent of Increase | \$ 120,122,000 | \$ 100,246,000 | \$ 19,876,000  | 19.8%   |
| Percentage Received | \$ 107,911,000 | \$ 100,246,000 | \$ 7,665,000   | 7.6%    |