

MEMORANDUM



TO: Mayor and Council
FROM: Lauri Vickers, Municipal Budget & Finance Analyst
THROUGH: Mark Day, Municipal Budget Director
DATE: September 24, 2021
SUBJECT: Tax Revenue Statistical Report – August 2021

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 August 2021 report summarizes our analysis of the July sales activity reported to the Arizona Department of Revenue (ADOR).

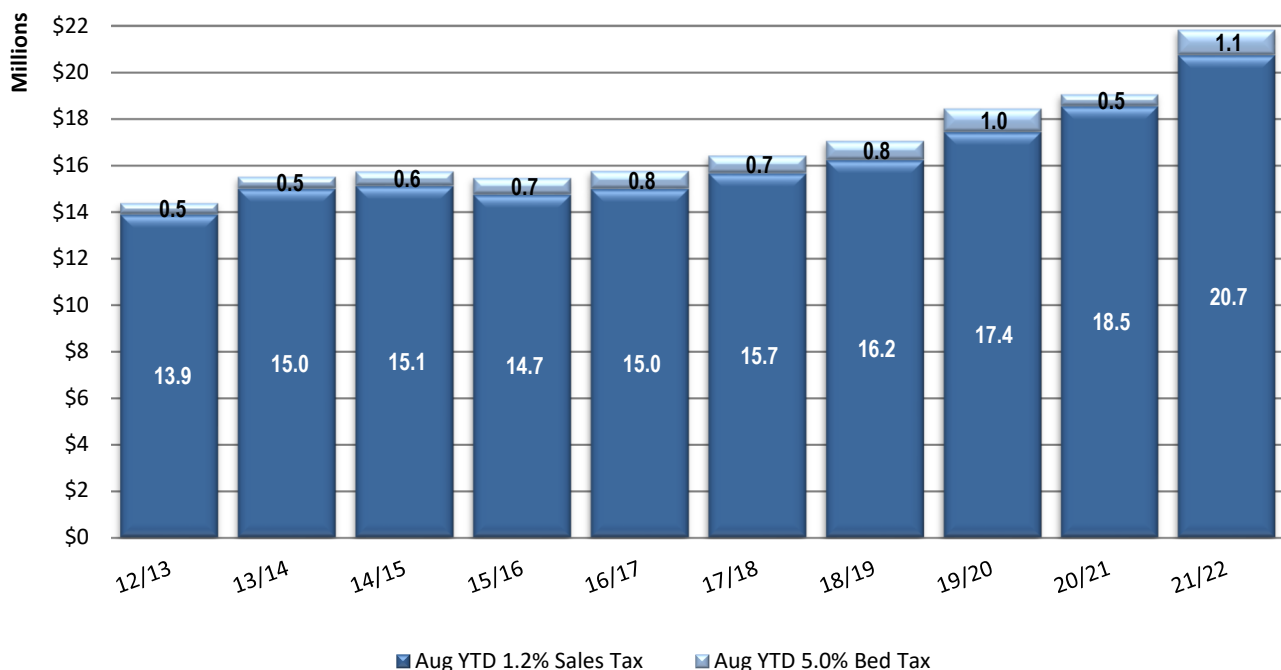
Overall Highlights

Total fiscal year to date taxable sales increased by 11.8% over the same year to date period in the prior fiscal year. Total sales tax revenue is up 13.0% or \$3.7 million, due to growth in retail (\$2.6 million), restaurant (\$852 thousand) and combined hotel/transient lodging (\$817 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

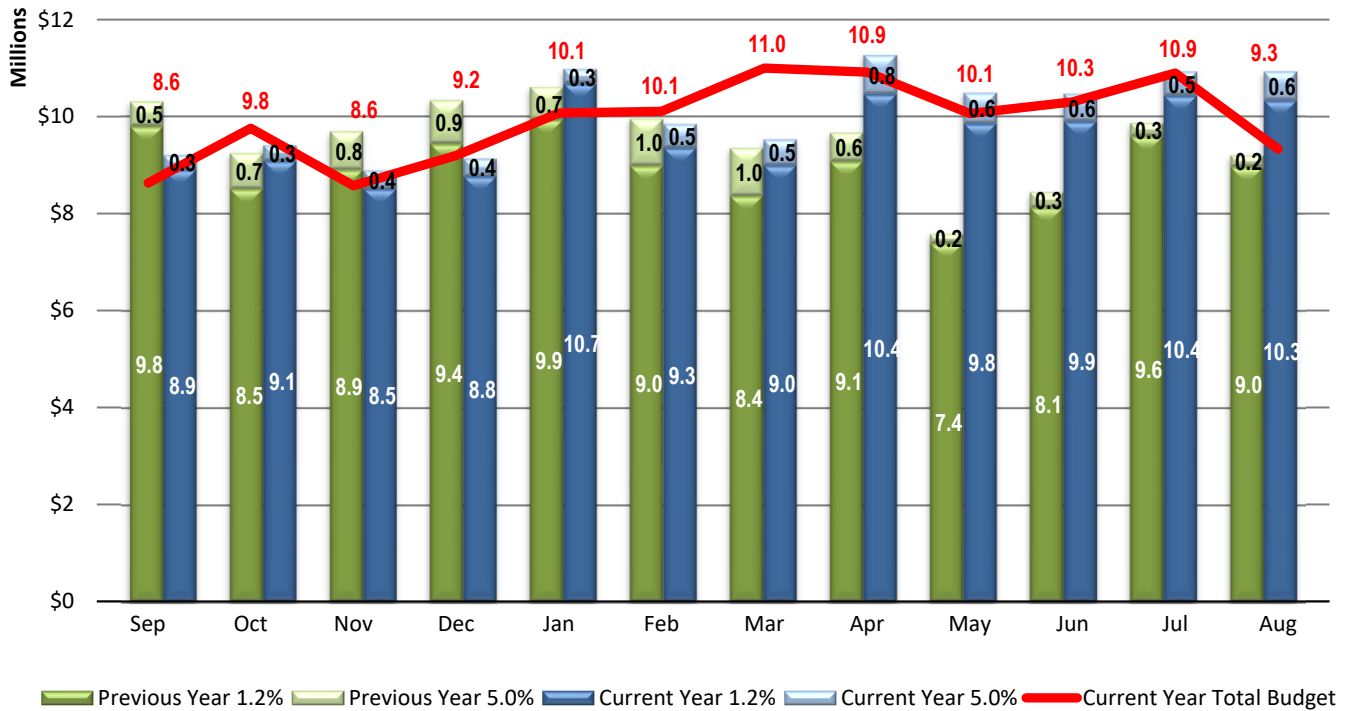
As the General Fund portion of the City's sales and bed tax revenue collections represents the General Fund's largest revenue source, further analysis is performed on these specific tax collections. The graph below depicts year to date General Fund historical sales and bed tax revenue from FY 2012/13 through FY 2021/22. General Fund sales and bed tax revenue for FY 2021/22 is up 14.6% or \$2.8 million over the prior year to date period.

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



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 2021/22 adopted budget for the combined sales and bed tax, as noted in the graph below. For the month of August, combined sales and bed tax collections are \$1.6 million above the projected budget amount.

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 2021/22 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 \$1.2 million above revenue projections, General Fund bed tax is \$441 thousand above projections, and the combined General Fund sales and bed tax collections for the General Fund are \$1.6 million above the revenue projection.

- Attachments: Executive Summary
 Actual Compared to Budget Projection

Executive Summary

Current Month - August

Fiscal Year to Date - August

	2018-19		2019-20		2020-21		2021-22		2018-19		2019-20		2020-21		2021-22	
		Change		Change		Change		Change		Change		Change		Change		Change
Taxable Sales																
Total Taxable Sales	684,667,000	5.7%	778,660,000	13.7%	764,007,000	-1.9%	871,978,000	14.1%	1,408,873,000	4.0%	1,516,024,000	7.6%	1,583,915,000	4.5%	1,771,104,000	11.8%
Retail Taxable Sales	380,095,000	5.9%	434,535,000	14.3%	444,050,000	2.2%	517,703,000	16.6%	795,144,000	5.1%	836,392,000	5.2%	904,791,000	8.2%	1,051,389,000	16.2%
Tax Revenues by Fund																
General Fund																
Privilege Tax (1.2%)	7,880,000	5.1%	8,984,000	14.0%	8,955,000	-0.3%	10,320,000	15.2%	16,233,000	3.7%	17,435,000	7.4%	18,542,000	6.3%	20,742,000	11.9%
Bed Tax (5.0%)	399,000	12.4%	454,000	13.8%	236,000	-48.0%	597,000	153.0%	803,000	7.9%	999,000	24.4%	505,000	-49.4%	1,092,000	116.2%
Privilege Tax Rebates	240,000	27.0%	251,000	4.6%	156,000	-37.8%	-	-100.0%	481,000	14.5%	518,000	7.7%	344,000	-33.6%	249,000	-27.6%
Total General Fund	8,519,000	5.9%	9,689,000	13.7%	9,347,000	-3.5%	10,917,000	16.8%	17,517,000	4.1%	18,952,000	8.2%	19,391,000	2.3%	22,083,000	13.9%
Transit Fund																
Privilege Tax (0.5%)	3,283,000	5.1%	3,746,000	14.1%	3,731,000	-0.4%	4,300,000	15.3%	6,764,000	3.6%	7,270,000	7.5%	7,726,000	6.3%	8,643,000	11.9%
Privilege Tax Rebates	100,000	26.6%	102,000	2.0%	65,000	-36.3%	-	-100.0%	200,000	16.3%	210,000	5.0%	143,000	-31.9%	104,000	-27.3%
Total Transit Fund	3,383,000	5.6%	3,848,000	13.7%	3,796,000	-1.4%	4,300,000	13.3%	6,964,000	3.9%	7,480,000	7.4%	7,869,000	5.2%	8,747,000	11.2%
Arts & Culture Fund																
Privilege Tax (0.1%)	677,000	5.6%	770,000	13.7%	759,000	-1.4%	860,000	13.3%	1,393,000	4.0%	1,496,000	7.4%	1,574,000	5.2%	1,749,000	11.1%
Total Arts & Culture Fund	677,000	5.6%	770,000	13.7%	759,000	-1.4%	860,000	13.3%	1,393,000	4.0%	1,496,000	7.4%	1,574,000	5.2%	1,749,000	11.1%
Totals	12,579,000	5.8%	14,307,000	13.7%	13,902,000	-2.8%	16,077,000	15.6%	25,874,000	-48.0%	27,928,000	7.9%	28,834,000	3.2%	32,579,000	13.0%
Tax Revenues by Business Activities																
Retail	6,842,000	5.9%	7,822,000	14.3%	7,993,000	2.2%	9,319,000	16.6%	14,313,000	6.0%	15,055,000	5.2%	16,286,000	8.2%	18,925,000	16.2%
Rentals	2,279,000	4.9%	2,492,000	9.3%	2,716,000	9.0%	2,890,000	6.4%	4,619,000	7.5%	5,148,000	11.5%	5,415,000	5.2%	5,974,000	10.3%
Utilities/Communication	890,000	1.0%	853,000	-4.2%	838,000	-1.8%	851,000	1.6%	1,638,000	-2.2%	1,516,000	-7.4%	1,548,000	2.1%	1,625,000	5.0%
Restaurants	943,000	4.9%	1,027,000	8.9%	742,000	-27.8%	1,235,000	66.4%	1,970,000	4.7%	2,106,000	6.9%	1,582,000	-24.9%	2,434,000	53.9%
Contracting	890,000	8.7%	1,221,000	37.2%	1,221,000	0.0%	705,000	-42.3%	1,901,000	-4.5%	2,224,000	17.0%	2,374,000	6.7%	1,568,000	-34.0%
Hotel/Motel	154,000	14.1%	172,000	11.7%	89,000	-48.3%	231,000	159.6%	323,000	14.1%	377,000	16.7%	192,000	-49.1%	422,000	119.8%
Transient (Bed Tax)	399,000	12.4%	454,000	13.8%	236,000	-48.0%	597,000	153.0%	803,000	7.9%	999,000	24.4%	505,000	-49.4%	1,092,000	116.2%
Non-Recurring Business Activities	3,000	-66.7%	86,000	2766.7%	-	-100.0%	73,000	100.0%	(71,000)	-158.2%	119,000	-267.6%	726,000	510.1%	147,000	-79.8%
Amusements	108,000	0.9%	127,000	17.6%	17,000	-86.6%	117,000	588.2%	247,000	-0.4%	275,000	11.3%	89,000	-67.6%	272,000	205.6%
All Other	73,000	37.7%	53,000	-27.4%	51,000	-3.8%	60,000	17.6%	132,000	-99.5%	109,000	-17.4%	117,000	7.3%	120,000	2.6%
Totals	12,581,000	5.8%	14,307,000	13.7%	13,903,000	-2.8%	16,078,000	15.6%	25,875,000	-48.0%	27,928,000	7.9%	28,834,000	3.2%	32,579,000	13.0%
Retail Tax Revenues by Activities																
Automotive	1,131,000	1.9%	1,130,000	-0.1%	1,102,000	-2.5%	1,367,000	24.0%	2,232,000	2.5%	2,331,000	4.4%	2,282,000	-2.1%	2,723,000	19.3%
Building Supply Stores	288,000	-0.3%	313,000	8.7%	361,000	15.3%	401,000	11.1%	585,000	0.3%	645,000	10.3%	714,000	10.7%	832,000	16.5%
Department Stores	883,000	0.5%	975,000	10.4%	903,000	-7.4%	1,088,000	20.5%	1,890,000	3.6%	1,941,000	2.7%	1,931,000	-0.5%	2,190,000	13.4%
Drug/Small Stores	977,000	19.1%	1,193,000	22.1%	1,243,000	4.2%	1,211,000	-2.6%	2,005,000	19.8%	2,251,000	12.3%	2,558,000	13.6%	2,595,000	1.4%
Furniture/Equipment/Electronics	505,000	-25.4%	580,000	14.9%	728,000	25.5%	739,000	1.5%	1,231,000	-14.8%	1,321,000	7.3%	1,431,000	8.3%	1,688,000	18.0%
Grocery Stores	725,000	3.7%	758,000	4.6%	833,000	9.9%	733,000	-12.0%	1,449,000	1.7%	1,486,000	2.6%	1,657,000	11.5%	1,561,000	-5.8%
Manufacturing Firms	611,000	36.7%	777,000	27.2%	550,000	-29.2%	726,000	32.0%	1,488,000	32.7%	1,275,000	-14.3%	1,209,000	-5.2%	1,676,000	38.6%
All Other Retail	1,722,000	12.0%	2,096,000	21.7%	2,273,000	8.4%	3,054,000	34.4%	3,433,000	5.5%	3,805,000	10.8%	4,504,000	18.4%	5,660,000	25.7%
Totals	6,842,000	5.9%	7,822,000	14.3%	7,993,000	2.2%	9,319,000	16.6%	14,313,000	6.0%	15,055,000	5.2%	16,286,000	8.2%	18,925,000	16.2%

Actual Compared to Budget Projection

Privilege Tax Revenue - General Fund (1.2%) 2021-22 Actual Compared to Budget

Monthly Amounts

	2021-22 Budget		2021-22 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	9.5%	\$ 10,650,000	\$ 10,422,000	\$ (228,000)	-2.1%
Aug	7.9%	8,923,000	10,320,000	1,397,000	15.7%
Sep	7.9%	8,934,000			
Oct	9.2%	10,373,000			
Nov	8.0%	9,039,000			
Dec	8.3%	9,329,000			
Jan	8.4%	9,478,000			
Feb	7.9%	8,915,000			
Mar	8.3%	9,327,000			
Apr	8.5%	9,525,000			
May	7.8%	8,825,000			
Jun	8.1%	9,132,000			
Totals	100.0%	\$ 112,450,000	\$ 20,742,000	\$ 1,169,000	1.0%

Cumulative Amounts

	2021-22 Budget		2021-22 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	9.5%	\$ 10,650,000	\$ 10,422,000	\$ (228,000)	-2.1%
Jul-Aug	17.4%	19,573,000	20,742,000	1,169,000	6.0%
Jul-Sep	25.4%	28,507,000			
Jul-Oct	34.6%	38,880,000			
Jul-Nov	42.6%	47,919,000			
Jul-Dec	50.9%	57,248,000			
Jul-Jan	59.3%	66,726,000			
Jul-Feb	67.3%	75,641,000			
Jul-Mar	75.6%	84,968,000			
Jul-Apr	84.0%	94,493,000			
Jul-May	91.9%	103,318,000			
Jul-Jun	100.0%	112,450,000			

Tax and License Annual Privilege Tax Revenue Projections

Method	Privilege Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 126,377,000	\$ 112,450,000	\$ 13,927,000	12.4%
% Received	\$ 119,166,000	\$ 112,450,000	\$ 6,716,000	6.0%

Bed Tax Revenue - General Fund (5.0%) 2021-22 Actual Compared to Budget

Monthly Amounts

	2021-22 Budget		2021-22 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	6.3%	\$ 246,000	\$ 495,000	\$ 249,000	101.2%
Aug	10.4%	405,000	597,000	192,000	47.4%
Sep	12.6%	488,000			
Oct	15.1%	585,000			
Nov	9.5%	368,000			
Dec	7.4%	287,000			
Jan	5.5%	215,000			
Feb	4.7%	184,000			
Mar	5.5%	212,000			
Apr	6.4%	250,000			
May	8.2%	319,000			
Jun	8.4%	325,000			
Totals	100.0%	\$ 3,884,000	\$ 1,092,000	\$ 441,000	11.4%

Cumulative Amounts

	2021-22 Budget		2021-22 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	6.3%	\$ 246,000	\$ 495,000	\$ 249,000	101.2%
Jul-Aug	16.8%	651,000	1,092,000	441,000	67.7%
Jul-Sep	29.3%	1,139,000			
Jul-Oct	44.4%	1,724,000			
Jul-Nov	53.9%	2,092,000			
Jul-Dec	61.3%	2,379,000			
Jul-Jan	66.8%	2,594,000			
Jul-Feb	71.5%	2,778,000			
Jul-Mar	77.0%	2,990,000			
Jul-Apr	83.4%	3,240,000			
Jul-May	91.6%	3,559,000			
Jul-Jun	100.0%	3,884,000			

Tax and License Annual Bed Tax Revenue Projections

Method	Bed Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 7,199,000	\$ 3,884,000	\$ 3,315,000	85.4%
% Received	\$ 6,515,000	\$ 3,884,000	\$ 2,631,000	67.7%

Total General Fund Tax Revenue 2021-22 Actual Compared to Budget

Monthly Amounts

	2021-22 Budget		2021-22 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	9.4%	\$ 10,896,000	\$ 10,917,000	\$ 21,000	0.2%
Aug	8.0%	9,328,000	10,917,000	1,589,000	17.0%
Sep	8.1%	9,422,000			
Oct	9.4%	10,958,000			
Nov	8.1%	9,407,000			
Dec	8.3%	9,616,000			
Jan	8.3%	9,693,000			
Feb	7.8%	9,099,000			
Mar	8.2%	9,539,000			
Apr	8.4%	9,775,000			
May	7.9%	9,144,000			
Jun	8.1%	9,457,000			
Totals	100.0%	\$ 116,334,000	\$ 21,834,000	\$ 1,610,000	1.4%

Cumulative Amounts

	2021-22 Budget		2021-22 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	9.4%	\$ 10,896,000	\$ 10,917,000	\$ 21,000	0.2%
Jul-Aug	17.4%	20,224,000	21,834,000	1,610,000	8.0%
Jul-Sep	25.5%	29,646,000			
Jul-Oct	34.9%	40,604,000			
Jul-Nov	43.0%	50,011,000			
Jul-Dec	51.3%	59,627,000			
Jul-Jan	59.6%	69,320,000			
Jul-Feb	67.4%	78,419,000			
Jul-Mar	75.6%	87,958,000			
Jul-Apr	84.0%	97,733,000			
Jul-May	91.9%	106,877,000			
Jul-Jun	100.0%	116,334,000			

Tax and License Annual Total Tax Revenue Projections

Method	Total Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 133,475,000	\$ 116,334,000	\$ 17,141,000	14.7%
% Received	\$ 125,595,000	\$ 116,334,000	\$ 9,261,000	8.0%