

MEMORANDUM



TO: Mayor and Council
FROM: Lauri Vickers, Municipal Budget & Finance Analyst
THROUGH: Mark Day, Municipal Budget Director
DATE: November 4, 2022
SUBJECT: Tax Revenue Statistical Report – September 2022

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 September 2022 report summarizes our analysis of the August sales activity reported to the Arizona Department of Revenue (ADOR).

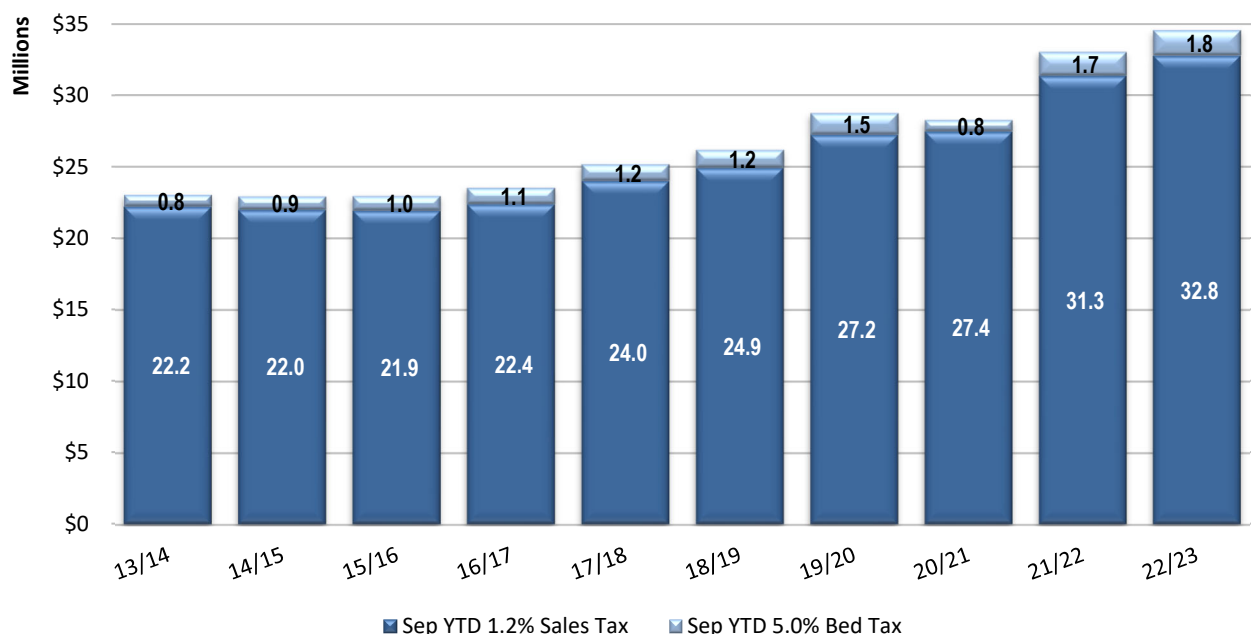
Overall Highlights

Total fiscal year to date taxable *sales* increased by 4.4% over the same year to date period in the prior fiscal year. Total sales tax *revenue* is up 4.5% or \$2.2 million, due to growth in rentals (\$1.4 million), non-recurring business activities (\$1.1 million) and contracting (\$595 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.

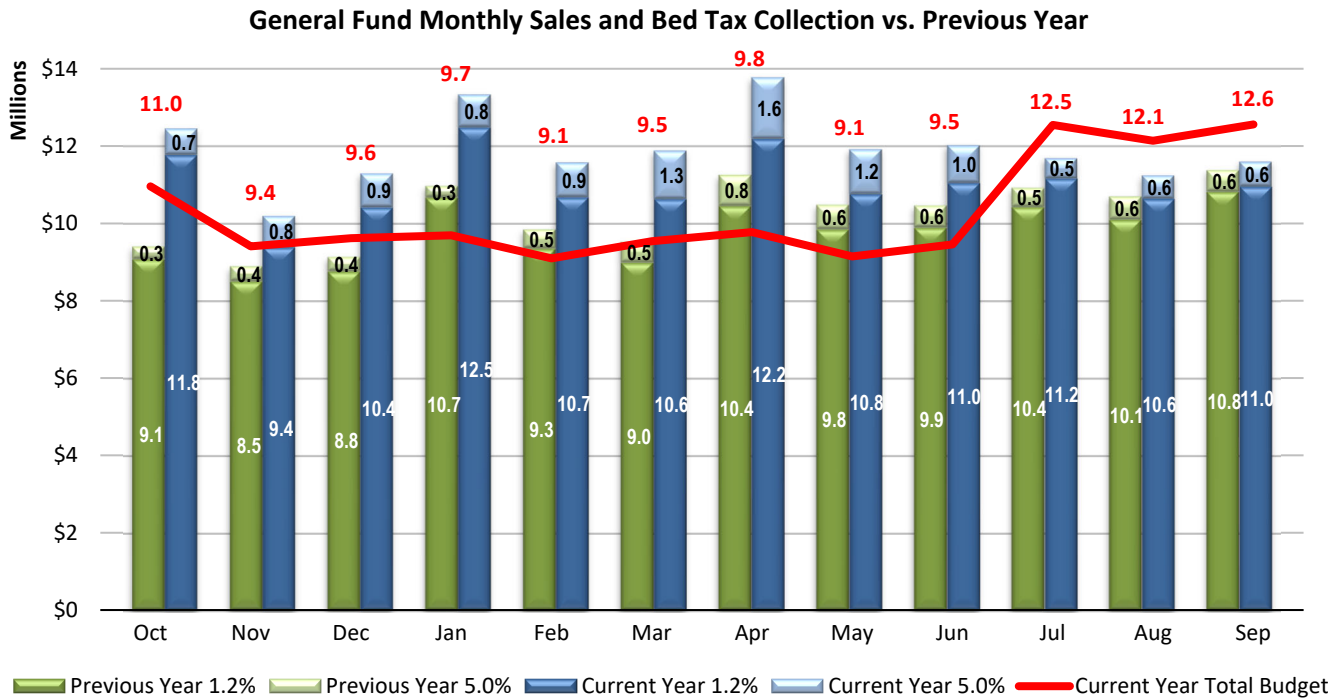
General Fund Highlights

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 2013/14 through FY 2022/23. General Fund sales and bed tax revenue for FY 2022/23 is up 4.6% or \$1.5 million over the prior year to date period.

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



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.



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 \$1.5 million below revenue projections, General Fund bed tax is \$1.2 million below projections, and the combined General Fund sales and bed tax collections for the General Fund are \$2.7 million below the revenue projection.

- Attachments: Executive Summary
Actual Compared to Budget Projection

Executive Summary

Current Month - September

Fiscal Year to Date - September

	Current Month - September				Fiscal Year to Date - September				Current Month - September				Fiscal Year to Date - September			
	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	847,433,000	12.4%	763,290,000	-9.9%	932,157,000	22.1%	948,264,000	1.7%	2,363,456,000	9.3%	2,347,205,000	-0.7%	2,703,261,000	15.2%	2,822,673,000	4.4%
Retail Taxable Sales	432,649,000	4.1%	444,970,000	2.8%	563,901,000	26.7%	531,766,000	-5.7%	1,269,041,000	4.8%	1,349,761,000	6.4%	1,615,290,000	19.7%	1,527,114,000	-5.5%
Tax Revenues by Fund																
General Fund																
Privilege Tax (1.2%)	9,790,000	12.8%	8,900,000	-9.1%	10,819,000	21.6%	10,951,000	1.2%	27,225,000	9.3%	27,442,000	0.8%	31,340,000	14.2%	32,751,000	4.5%
Bed Tax (5.0%)	506,000	14.0%	300,000	-40.7%	559,000	86.3%	646,000	15.6%	1,505,000	20.7%	806,000	-46.4%	1,651,000	104.8%	1,773,000	7.4%
Privilege Tax Rebates	258,000	-0.8%	187,000	-27.5%	233,000	24.6%	273,000	17.2%	776,000	4.7%	531,000	-31.6%	703,000	32.4%	695,000	-1.1%
Total General Fund	10,554,000	12.5%	9,387,000	-11.1%	11,611,000	23.7%	11,870,000	2.2%	29,506,000	9.7%	28,779,000	-2.5%	33,694,000	17.1%	35,219,000	4.5%
Transit Fund																
Privilege Tax (0.5%)	4,084,000	12.9%	3,709,000	-9.2%	4,508,000	21.5%	4,563,000	1.2%	11,354,000	9.4%	11,435,000	0.7%	13,059,000	14.2%	13,646,000	4.5%
Privilege Tax Rebates	102,000	-5.6%	78,000	-23.5%	97,000	24.4%	114,000	17.5%	313,000	1.6%	221,000	-29.4%	293,000	32.6%	290,000	-1.0%
Total Transit Fund	4,186,000	12.4%	3,787,000	-9.5%	4,605,000	21.6%	4,677,000	1.6%	11,667,000	9.2%	11,656,000	-0.1%	13,352,000	14.6%	13,936,000	4.4%
Arts & Culture Fund																
Privilege Tax (0.1%)	837,000	12.3%	757,000	-9.6%	921,000	21.7%	935,000	1.5%	2,333,000	9.1%	2,331,000	-0.1%	2,670,000	14.5%	2,787,000	4.4%
Total Arts & Culture Fund	837,000	12.3%	757,000	-9.6%	921,000	21.7%	935,000	1.5%	2,333,000	9.1%	2,331,000	-0.1%	2,670,000	14.5%	2,787,000	4.4%
Totals	15,577,000	12.5%	13,931,000	-10.6%	17,137,000	23.0%	17,482,000	2.0%	43,506,000	-45.2%	42,766,000	-1.7%	49,716,000	16.3%	51,942,000	4.5%
Tax Revenues by Business Activities																
Retail	7,788,000	4.1%	8,009,000	2.8%	10,150,000	26.7%	9,572,000	-5.7%	22,843,000	4.8%	24,296,000	6.4%	29,075,000	19.7%	27,488,000	-5.5%
Rentals	2,466,000	9.9%	2,524,000	2.4%	2,992,000	18.5%	3,460,000	15.6%	7,614,000	11.0%	7,939,000	4.3%	8,966,000	12.9%	10,389,000	15.9%
Utilities/Communication	904,000	-3.5%	902,000	-0.2%	921,000	2.1%	929,000	0.9%	2,420,000	-6.0%	2,449,000	1.2%	2,546,000	4.0%	2,652,000	4.2%
Restaurants	1,043,000	3.7%	846,000	-18.9%	1,191,000	40.8%	1,344,000	12.8%	3,149,000	5.8%	2,428,000	-22.9%	3,626,000	49.3%	3,955,000	9.1%
Contracting	1,014,000	-20.1%	1,029,000	1.5%	824,000	-19.9%	1,003,000	21.7%	3,238,000	2.1%	3,403,000	5.1%	2,392,000	-29.7%	2,987,000	24.9%
Hotel/Motel	190,000	12.4%	114,000	-40.0%	217,000	90.4%	250,000	15.2%	567,000	15.2%	306,000	-46.0%	639,000	108.8%	687,000	7.5%
Transient (Bed Tax)	506,000	14.0%	300,000	-40.7%	559,000	86.3%	646,000	15.6%	1,505,000	20.7%	806,000	-46.4%	1,651,000	104.8%	1,773,000	7.4%
Non-Recurring Business Activities	1,474,000	49033.3%	137,000	-90.7%	39,000	-71.5%	4,000	-89.7%	1,594,000	-2444.1%	863,000	-45.9%	186,000	-78.4%	1,291,000	594.1%
Amusements	103,000	14.4%	26,000	-74.8%	106,000	307.7%	146,000	37.7%	378,000	12.2%	115,000	-69.6%	378,000	228.7%	473,000	25.1%
All Other	90,000	-56.9%	43,000	-52.2%	136,000	216.3%	127,000	-6.6%	199,000	-99.5%	160,000	-19.6%	256,000	60.0%	248,000	-3.1%
Totals	15,577,000	12.5%	13,931,000	-10.6%	17,137,000	23.0%	17,482,000	2.0%	43,506,000	-45.2%	42,766,000	-1.7%	49,716,000	16.3%	51,942,000	4.5%
Retail Tax Revenues by Activities																
Automotive	1,301,000	12.5%	1,152,000	-11.5%	1,378,000	19.6%	1,370,000	-0.6%	3,632,000	7.2%	3,434,000	-5.5%	4,101,000	19.4%	4,080,000	-0.5%
Building Supply Stores	298,000	12.0%	328,000	10.1%	362,000	10.4%	409,000	13.0%	943,000	10.8%	1,042,000	10.5%	1,194,000	14.6%	1,337,000	12.0%
Department Stores	1,154,000	3.5%	1,120,000	-2.9%	1,305,000	16.5%	1,380,000	5.7%	3,095,000	3.0%	3,052,000	-1.4%	3,496,000	14.5%	3,692,000	5.6%
Drug/Small Stores	1,215,000	8.8%	1,221,000	0.5%	1,463,000	19.8%	1,452,000	-0.8%	3,465,000	11.0%	3,779,000	9.1%	4,058,000	7.4%	3,518,000	-13.3%
Furniture/Equipment/Electronics	491,000	-12.2%	610,000	24.2%	650,000	6.6%	578,000	-11.1%	1,812,000	1.2%	2,041,000	12.6%	2,337,000	14.5%	1,415,000	-39.5%
Grocery Stores	780,000	-1.8%	841,000	7.8%	826,000	-1.8%	894,000	8.2%	2,266,000	1.0%	2,498,000	10.2%	2,387,000	-4.4%	2,624,000	9.9%
Manufacturing Firms	783,000	2.2%	631,000	-19.4%	1,502,000	138.0%	500,000	-66.7%	2,057,000	-8.7%	1,841,000	-10.5%	3,178,000	72.6%	1,142,000	-64.1%
All Other Retail	1,766,000	3.3%	2,106,000	19.3%	2,664,000	26.5%	2,989,000	12.2%	5,573,000	8.4%	6,609,000	18.6%	8,324,000	25.9%	9,680,000	16.3%
Totals	7,788,000	4.1%	8,009,000	2.8%	10,150,000	26.7%	9,572,000	-5.7%	22,843,000	4.8%	24,296,000	6.4%	29,075,000	19.7%	27,488,000	-5.5%

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			
Nov	8.1%	11,429,000			
Dec	8.4%	11,853,000			
Jan	9.2%	12,938,000			
Feb	8.0%	11,201,000			
Mar	8.3%	11,718,000			
Apr	8.5%	11,896,000			
May	7.9%	11,053,000			
Jun	8.1%	11,430,000			
Totals	100.0%	\$ 140,575,000	\$ 32,751,000	\$ (1,472,000)	-1.0%

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			
Jul-Nov	41.6%	58,486,000			
Jul-Dec	50.0%	70,339,000			
Jul-Jan	59.2%	83,277,000			
Jul-Feb	67.2%	94,478,000			
Jul-Mar	75.5%	106,196,000			
Jul-Apr	84.0%	118,092,000			
Jul-May	91.9%	129,145,000			
Jul-Jun	100.0%	140,575,000			

Tax and License Annual Privilege Tax Revenue Projections

Method	Privilege Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 136,575,000	\$ 140,575,000	\$ (4,000,000)	-2.8%
% Received	\$ 134,529,000	\$ 140,575,000	\$ (6,046,000)	-4.3%

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			
Nov	8.4%	915,000			
Dec	7.9%	855,000			
Jan	5.6%	605,000			
Feb	6.1%	660,000			
Mar	6.8%	739,000			
Apr	7.4%	803,000			
May	8.4%	914,000			
Jun	9.1%	985,000			
Totals	100.0%	\$ 10,878,000	\$ 1,773,000	\$ (1,253,000)	-11.5%

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			
Jul-Nov	48.9%	5,317,000			
Jul-Dec	56.7%	6,172,000			
Jul-Jan	62.3%	6,777,000			
Jul-Feb	68.4%	7,437,000			
Jul-Mar	75.2%	8,176,000			
Jul-Apr	82.5%	8,979,000			
Jul-May	90.9%	9,893,000			
Jul-Jun	100.0%	10,878,000			

Tax and License Annual Privilege Tax Revenue Projections

Method	Bed Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 11,512,000	\$ 10,878,000	\$ 634,000	5.8%
% Received	\$ 6,374,000	\$ 10,878,000	\$ (4,504,000)	-41.4%

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			
Nov	8.2%	12,344,000			
Dec	8.4%	12,708,000			
Jan	8.9%	13,543,000			
Feb	7.8%	11,861,000			
Mar	8.2%	12,457,000			
Apr	8.4%	12,699,000			
May	7.9%	11,967,000			
Jun	8.2%	12,415,000			
Totals	100.0%	\$ 151,453,000	\$ 34,524,000	\$ (2,725,000)	-1.8%

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			
Jul-Nov	42.1%	63,803,000			
Jul-Dec	50.5%	76,511,000			
Jul-Jan	59.5%	90,054,000			
Jul-Feb	67.3%	101,915,000			
Jul-Mar	75.5%	114,372,000			
Jul-Apr	83.9%	127,071,000			
Jul-May	91.8%	139,038,000			
Jul-Jun	100.0%	151,453,000			

Tax and License Annual Privilege Tax Revenue Projections

Method	Total Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 147,987,000	\$ 151,453,000	\$ (3,466,000)	-2.3%
% Received	\$ 140,373,000	\$ 151,453,000	\$ (11,080,000)	-7.3%