

# MEMORANDUM



TO: Mayor and Council  
FROM: Lauri Oszakiewski, Municipal Budget & Finance Analyst  
THROUGH: Mark Day, Municipal Budget Director  
DATE: May 26, 2023  
SUBJECT: Tax Revenue Statistical Report – April 2023

## 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 2023 report summarizes our analysis of the March sales activity reported to the Arizona Department of Revenue (ADOR).

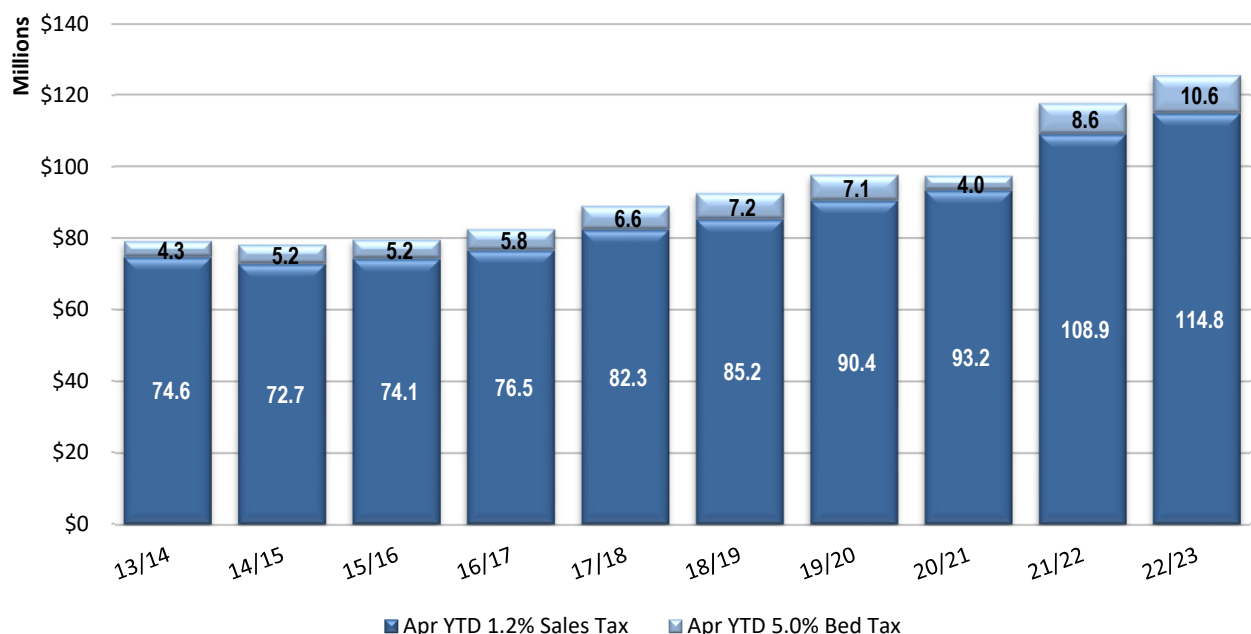
## Overall Highlights

Total fiscal year to date taxable *sales* increased by 4.1% over the same year to date period in the prior fiscal year. Total sales tax *revenue* is up 4.7% or \$8.2 million, due to growth in rentals (\$4.3 million), combined hotel/motel and bed tax (\$2.9 million), and non-recurring business activities (\$2.7 million) 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

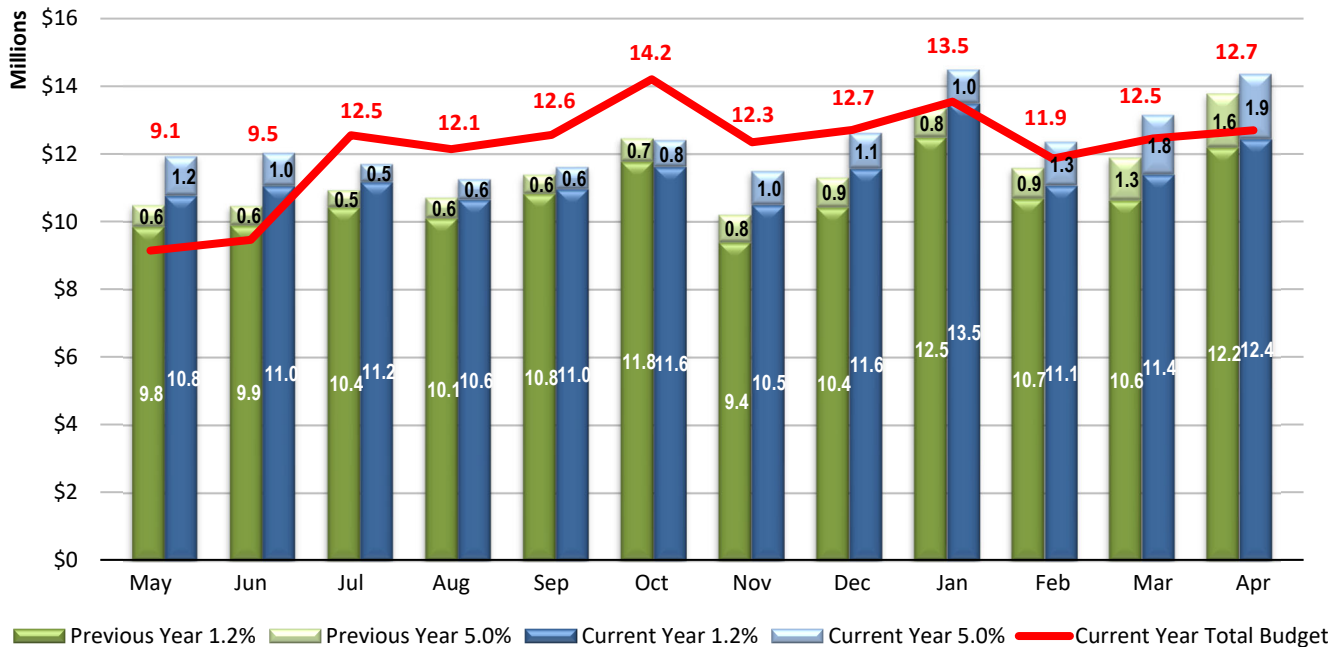
As the General Fund portion of the City’s sales and bed tax revenue collections represents the General Fund’s largest revenue source, further analysis is performed on these specific tax collections. The graph below depicts year to date General Fund historical sales and bed tax revenue from FY 2013/14 through FY 2022/23. General Fund sales and bed tax revenue for FY 2022/23 is up 6.7% or \$7.8 million over the prior year to date period.

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



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.

**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 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 \$3.3 million below revenue projections, General Fund bed tax is \$1.6 million above projections, and the combined General Fund sales and bed tax collections for the General Fund are \$1.7 million below the revenue projection.

The Municipal Budget Office is closely monitoring the above noted fiscal year to date variance of sales and bed tax collections compared to the projected amount. At this time, the City is not planning to make any budget adjustments due to the variance in sales and bed tax collections as the City’s overall revenue collections are meeting current projections.

Sales and bed tax collections continue to experience variances from projections based on historical trends as the economy experiences volatility due to a variety of factors, including inflation, supply and labor shortages and movement towards a post COVID pandemic economy. In the future, if sales and bed tax collections experience negative variances from projections and overall revenue collections are not meeting projections, the City will make necessary budget adjustments to ensure continuity of programs and service delivery.

Attachments: Executive Summary  
Actual Compared to Budget Projection

## Executive Summary

### Current Month - April

### Fiscal Year to Date - April

	2019-20		2020-21		2021-22		2022-23		2019-20		2020-21		2021-22		2022-23	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change
<b>Taxable Sales</b>																
Total Taxable Sales	781,168,000	-4.7%	909,327,000	16.4%	1,076,273,000	18.4%	1,074,339,000	-0.2%	7,879,538,000	5.5%	8,020,615,000	1.8%	9,468,624,000	18.1%	9,855,099,000	4.1%
Retail Taxable Sales	463,492,000	7.2%	538,752,000	16.2%	621,493,000	15.4%	573,454,000	-7.7%	4,301,714,000	6.6%	4,720,864,000	9.7%	5,459,877,000	15.7%	5,309,100,000	-2.8%
<b>Tax Revenues by Fund</b>																
<b>General Fund</b>																
Privilege Tax (1.2%)	9,067,000	-0.5%	10,450,000	15.3%	12,183,000	16.6%	12,430,000	2.0%	90,388,000	6.1%	93,237,000	3.2%	108,883,000	16.8%	114,750,000	5.4%
Bed Tax (5.0%)	587,000	-59.8%	801,000	36.5%	1,590,000	98.5%	1,925,000	21.1%	7,118,000	-1.4%	3,994,000	-43.9%	8,609,000	115.5%	10,582,000	22.9%
Privilege Tax Rebates	167,000	-55.3%	270,000	61.7%	350,000	29.6%	-	-100.0%	2,458,000	-9.6%	2,051,000	-16.6%	2,675,000	30.4%	971,000	-63.7%
<b>Total General Fund</b>	<b>9,821,000</b>	<b>-10.2%</b>	<b>11,521,000</b>	<b>17.3%</b>	<b>14,123,000</b>	<b>22.6%</b>	<b>14,355,000</b>	<b>1.6%</b>	<b>99,964,000</b>	<b>5.1%</b>	<b>99,282,000</b>	<b>-0.7%</b>	<b>120,167,000</b>	<b>21.0%</b>	<b>126,303,000</b>	<b>5.1%</b>
<b>Transit Fund</b>																
Privilege Tax (0.5%)	3,778,000	-0.5%	4,354,000	15.2%	5,076,000	16.6%	5,179,000	2.0%	37,683,000	6.1%	38,850,000	3.1%	45,369,000	16.8%	47,813,000	5.4%
Privilege Tax Rebates	69,000	-54.9%	112,000	62.3%	146,000	30.4%	-	-100.0%	1,002,000	-9.3%	854,000	-14.8%	1,113,000	30.3%	404,000	-63.7%
<b>Total Transit Fund</b>	<b>3,847,000</b>	<b>-2.6%</b>	<b>4,466,000</b>	<b>16.1%</b>	<b>5,222,000</b>	<b>16.9%</b>	<b>5,179,000</b>	<b>-0.8%</b>	<b>38,685,000</b>	<b>5.6%</b>	<b>39,704,000</b>	<b>2.6%</b>	<b>46,482,000</b>	<b>17.1%</b>	<b>48,217,000</b>	<b>3.7%</b>
<b>Arts &amp; Culture Fund</b>																
Privilege Tax (0.1%)	769,000	-2.7%	893,000	16.1%	1,044,000	16.9%	1,036,000	-0.8%	7,737,000	5.6%	7,941,000	2.6%	9,296,000	17.1%	9,643,000	3.7%
<b>Total Arts &amp; Culture Fund</b>	<b>769,000</b>	<b>-2.7%</b>	<b>893,000</b>	<b>16.1%</b>	<b>1,044,000</b>	<b>16.9%</b>	<b>1,036,000</b>	<b>-0.8%</b>	<b>7,737,000</b>	<b>5.6%</b>	<b>7,941,000</b>	<b>2.6%</b>	<b>9,296,000</b>	<b>17.1%</b>	<b>9,643,000</b>	<b>3.7%</b>
<b>Totals</b>	<b>14,437,000</b>	<b>-7.9%</b>	<b>16,880,000</b>	<b>16.9%</b>	<b>20,389,000</b>	<b>20.8%</b>	<b>20,570,000</b>	<b>0.9%</b>	<b>146,386,000</b>	<b>-47.4%</b>	<b>146,927,000</b>	<b>0.4%</b>	<b>175,945,000</b>	<b>19.7%</b>	<b>184,163,000</b>	<b>4.7%</b>
<b>Tax Revenues by Business Activities</b>																
Retail	8,343,000	7.3%	9,698,000	16.2%	11,187,000	15.4%	10,197,000	-8.8%	77,431,000	6.6%	84,739,000	9.4%	98,278,000	16.0%	94,201,000	-4.1%
Rentals	2,757,000	0.2%	3,061,000	11.0%	3,382,000	10.5%	3,916,000	15.8%	26,472,000	5.9%	27,509,000	3.9%	31,114,000	13.1%	35,390,000	13.7%
Utilities/Communication	501,000	-2.9%	497,000	-0.8%	528,000	6.2%	600,000	13.6%	6,605,000	-2.8%	6,486,000	-1.8%	6,621,000	2.1%	7,077,000	6.9%
Restaurants	837,000	-40.1%	1,299,000	55.2%	1,588,000	22.2%	1,687,000	6.2%	10,835,000	-2.5%	9,567,000	-11.7%	13,361,000	39.7%	14,610,000	9.3%
Contracting	1,063,000	3.1%	927,000	-12.8%	1,046,000	12.8%	1,083,000	3.5%	11,266,000	11.1%	9,743,000	-13.5%	9,686,000	-0.6%	9,792,000	1.1%
Hotel/Motel	217,000	-59.9%	307,000	41.5%	610,000	98.7%	751,000	23.1%	2,619,000	-3.5%	1,545,000	-41.0%	3,277,000	112.1%	4,207,000	28.4%
Transient (Bed Tax)	587,000	-59.8%	801,000	36.5%	1,590,000	98.5%	1,925,000	21.1%	7,118,000	-1.4%	3,994,000	-43.9%	8,609,000	115.5%	10,582,000	22.9%
Non-Recurring Business Activities	-	-100.0%	67,000	100.0%	198,000	195.5%	132,000	-33.3%	2,026,000	50.6%	1,948,000	-3.8%	2,654,000	36.2%	5,380,000	102.7%
Amusements	75,000	-44.9%	92,000	22.7%	182,000	97.8%	207,000	13.7%	1,215,000	2.2%	638,000	-47.5%	1,347,000	111.1%	1,792,000	33.0%
All Other	57,000	-8.1%	132,000	131.6%	80,000	-39.4%	71,000	-11.3%	801,000	-99.4%	758,000	-5.4%	999,000	31.8%	1,132,000	13.3%
<b>Totals</b>	<b>14,437,000</b>	<b>-7.9%</b>	<b>16,880,000</b>	<b>16.9%</b>	<b>20,389,000</b>	<b>20.8%</b>	<b>20,570,000</b>	<b>0.9%</b>	<b>146,386,000</b>	<b>-47.4%</b>	<b>146,927,000</b>	<b>0.4%</b>	<b>175,945,000</b>	<b>19.7%</b>	<b>184,163,000</b>	<b>4.7%</b>
<b>Retail Tax Revenues by Activities</b>																
Automotive	987,000	-21.2%	1,563,000	58.4%	1,579,000	1.0%	1,435,000	-9.1%	11,467,000	2.2%	12,183,000	6.2%	13,442,000	10.3%	13,526,000	0.6%
Building Supply Stores	341,000	6.9%	396,000	16.1%	483,000	22.0%	391,000	-19.0%	3,024,000	7.3%	3,447,000	14.0%	4,029,000	16.9%	4,144,000	2.9%
Department Stores	974,000	-4.0%	1,319,000	35.4%	1,277,000	-3.2%	1,236,000	-3.2%	10,339,000	2.7%	10,814,000	4.6%	11,802,000	9.1%	12,285,000	4.1%
Drug/Small Stores	1,295,000	5.7%	1,424,000	10.0%	1,495,000	5.0%	1,584,000	6.0%	11,886,000	9.9%	13,296,000	11.9%	13,913,000	4.6%	13,395,000	-3.7%
Furniture/Equipment/Electronics	520,000	-6.0%	580,000	11.5%	837,000	44.3%	543,000	-35.1%	5,481,000	-2.6%	6,529,000	19.1%	7,065,000	8.2%	4,476,000	-36.6%
Grocery Stores	1,011,000	20.5%	880,000	-13.0%	1,000,000	13.6%	1,126,000	12.6%	8,495,000	3.8%	8,730,000	2.8%	9,160,000	4.9%	9,775,000	6.7%
Manufacturing Firms	713,000	-6.8%	708,000	-0.7%	1,168,000	65.0%	574,000	-50.9%	5,949,000	-10.9%	6,389,000	7.4%	9,550,000	49.5%	4,534,000	-52.5%
All Other Retail	2,502,000	38.2%	2,828,000	13.0%	3,348,000	18.4%	3,308,000	-1.2%	20,790,000	20.9%	23,351,000	12.3%	29,317,000	25.5%	32,066,000	9.4%
<b>Totals</b>	<b>8,343,000</b>	<b>7.3%</b>	<b>9,698,000</b>	<b>16.2%</b>	<b>11,187,000</b>	<b>15.4%</b>	<b>10,197,000</b>	<b>-8.8%</b>	<b>77,431,000</b>	<b>6.6%</b>	<b>84,739,000</b>	<b>9.4%</b>	<b>98,278,000</b>	<b>16.0%</b>	<b>94,201,000</b>	<b>-4.1%</b>

## 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	11,608,000	(1,226,000)	-9.6%
Nov	8.1%	11,429,000	10,484,000	(945,000)	-8.3%
Dec	8.4%	11,853,000	11,552,000	(301,000)	-2.5%
Jan	9.2%	12,938,000	13,484,000	546,000	4.2%
Feb	8.0%	11,201,000	11,058,000	(143,000)	-1.3%
Mar	8.3%	11,718,000	11,383,000	(335,000)	-2.9%
Apr	8.5%	11,896,000	12,430,000	534,000	4.5%
May	7.9%	11,053,000			
Jun	8.1%	11,430,000			
<b>Totals</b>	<b>100.0%</b>	<b>\$ 140,575,000</b>	<b>\$ 114,750,000</b>	<b>\$ (3,342,000)</b>	<b>-2.4%</b>

#### 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	44,359,000	(2,698,000)	-5.7%
Jul-Nov	41.6%	58,486,000	54,843,000	(3,643,000)	-6.2%
Jul-Dec	50.0%	70,339,000	66,395,000	(3,944,000)	-5.6%
Jul-Jan	59.2%	83,277,000	79,879,000	(3,398,000)	-4.1%
Jul-Feb	67.2%	94,478,000	90,937,000	(3,541,000)	-3.7%
Jul-Mar	75.5%	106,196,000	102,320,000	(3,876,000)	-3.6%
Jul-Apr	84.0%	118,092,000	114,750,000	(3,342,000)	-2.8%
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	\$ 137,733,000	\$ 140,575,000	\$ (2,842,000)	-2.0%
% Received	\$ 136,597,000	\$ 140,575,000	\$ (3,978,000)	-2.8%

### 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	788,000	(588,000)	-42.7%
Nov	8.4%	915,000	991,000	76,000	8.3%
Dec	7.9%	855,000	1,055,000	200,000	23.4%
Jan	5.6%	605,000	1,001,000	396,000	65.5%
Feb	6.1%	660,000	1,291,000	631,000	95.6%
Mar	6.8%	739,000	1,758,000	1,019,000	137.9%
Apr	7.4%	803,000	1,925,000	1,122,000	139.7%
May	8.4%	914,000			
Jun	9.1%	985,000			
<b>Totals</b>	<b>100.0%</b>	<b>\$ 10,878,000</b>	<b>\$ 10,582,000</b>	<b>\$ 1,603,000</b>	<b>14.7%</b>

#### 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	2,561,000	(1,841,000)	-41.8%
Jul-Nov	48.9%	5,317,000	3,552,000	(1,765,000)	-33.2%
Jul-Dec	56.7%	6,172,000	4,607,000	(1,565,000)	-25.4%
Jul-Jan	62.3%	6,777,000	5,608,000	(1,169,000)	-17.2%
Jul-Feb	68.4%	7,437,000	6,899,000	(538,000)	-7.2%
Jul-Mar	75.2%	8,176,000	8,657,000	481,000	5.9%
Jul-Apr	82.5%	8,979,000	10,582,000	1,603,000	17.9%
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	\$ 13,191,000	\$ 10,878,000	\$ 2,313,000	21.3%
% Received	\$ 12,820,000	\$ 10,878,000	\$ 1,942,000	17.9%

### 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	12,396,000	(1,814,000)	-12.8%
Nov	8.2%	12,344,000	11,475,000	(869,000)	-7.0%
Dec	8.4%	12,708,000	12,607,000	(101,000)	-0.8%
Jan	8.9%	13,543,000	14,485,000	942,000	7.0%
Feb	7.8%	11,861,000	12,349,000	488,000	4.1%
Mar	8.2%	12,457,000	13,141,000	684,000	5.5%
Apr	8.4%	12,699,000	14,355,000	1,656,000	13.0%
May	7.9%	11,967,000			
Jun	8.2%	12,415,000			
<b>Totals</b>	<b>100.0%</b>	<b>\$ 151,453,000</b>	<b>\$ 125,332,000</b>	<b>\$ (1,739,000)</b>	<b>-1.1%</b>

#### 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	46,920,000	(4,539,000)	-8.8%
Jul-Nov	42.1%	63,803,000	58,395,000	(5,408,000)	-8.5%
Jul-Dec	50.5%	76,511,000	71,002,000	(5,509,000)	-7.2%
Jul-Jan	59.5%	90,054,000	85,487,000	(4,567,000)	-5.1%
Jul-Feb	67.3%	101,915,000	97,836,000	(4,079,000)	-4.0%
Jul-Mar	75.5%	114,372,000	110,977,000	(3,395,000)	-3.0%
Jul-Apr	83.9%	127,071,000	125,332,000	(1,739,000)	-1.4%
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	\$ 150,860,000	\$ 151,453,000	\$ (593,000)	-0.4%
% Received	\$ 149,380,000	\$ 151,453,000	\$ (2,073,000)	-1.4%