

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: October 27, 2023
SUBJECT: Tax Revenue Statistical Report – September 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 September 2023 report summarizes our analysis of the August sales activity reported to the Arizona Department of Revenue (ADOR).

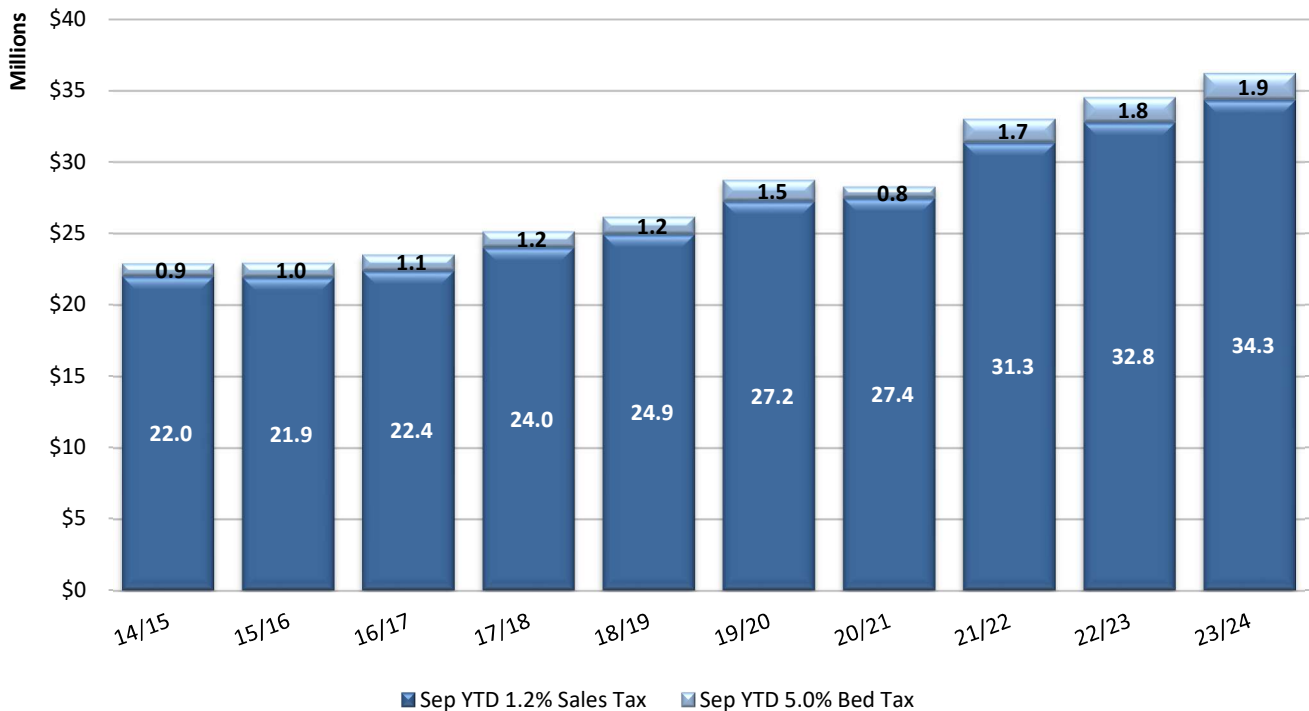
Overall Highlights

Total fiscal year to date taxable *sales* increased by 2.9% over the same year to date period in the prior fiscal year. Total sales tax *revenue* is up 3.0% or \$1.6 million, due to growth in non-recurring business activities (\$926 thousand), contracting (\$275 thousand), and combined hotel/motel and bed tax (\$224 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 4.9% or \$1.7 million over the prior year to date period.

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



Executive Summary

Current Month - September	2020-21		2021-22		2022-23		2023-24	
		Change		Change		Change		Change
Taxable Sales								
Total Taxable Sales	763,290,000	-9.9%	932,157,000	22.1%	948,264,000	1.7%	1,016,237,000	7.2%
Retail Taxable Sales	444,970,000	2.8%	563,901,000	26.7%	531,766,000	-5.7%	584,465,000	9.9%
Tax Revenues by Fund								
General Fund								
Privilege Tax (1.2%)	8,900,000	-9.1%	10,819,000	21.6%	10,951,000	1.2%	11,998,000	9.6%
Bed Tax (5.0%)	300,000	-40.7%	559,000	86.3%	646,000	15.6%	663,000	2.6%
Privilege Tax Rebates	187,000	-27.5%	233,000	24.6%	273,000	17.2%	52,000	-81.0%
Total General Fund	9,387,000	-11.1%	11,611,000	23.7%	11,870,000	2.2%	12,713,000	7.1%
Transit Fund								
Privilege Tax (0.5%)	3,709,000	-9.2%	4,508,000	21.5%	4,563,000	1.2%	5,021,000	10.0%
Privilege Tax Rebates	78,000	-23.5%	97,000	24.4%	114,000	17.5%	-	-100.0%
Total Transit Fund	3,787,000	-9.5%	4,605,000	21.6%	4,677,000	1.6%	5,021,000	7.4%
Arts & Culture Fund								
Privilege Tax (0.1%)	757,000	-9.6%	921,000	21.7%	935,000	1.5%	1,004,000	7.4%
Total Arts & Culture Fund	757,000	-9.6%	921,000	21.7%	935,000	1.5%	1,004,000	7.4%
Totals	13,931,000	-10.6%	17,137,000	23.0%	17,482,000	2.0%	18,738,000	7.2%
Tax Revenues by Business Activities								
Retail	8,009,000	2.8%	10,150,000	26.7%	9,572,000	-5.7%	10,520,000	9.9%
Rentals	2,524,000	2.4%	2,992,000	18.5%	3,460,000	15.6%	3,449,000	-0.3%
Utilities/Communication	902,000	-0.2%	921,000	2.1%	929,000	0.9%	1,000,000	7.6%
Restaurants	846,000	-18.9%	1,191,000	40.8%	1,344,000	12.8%	1,337,000	-0.5%
Contracting	1,029,000	1.5%	824,000	-19.9%	1,003,000	21.7%	1,150,000	14.7%
Hotel/Motel	114,000	-40.0%	217,000	90.4%	250,000	15.2%	286,000	14.4%
Transient (Bed Tax)	300,000	-40.7%	559,000	86.3%	646,000	15.6%	696,000	7.7%
Non-Recurring Business Activities	137,000	-90.7%	39,000	-71.5%	4,000	-89.7%	-	-100.0%
Amusements	26,000	-74.8%	106,000	307.7%	146,000	37.7%	190,000	30.1%
All Other	43,000	-51.7%	136,000	216.3%	127,000	-6.6%	109,000	-14.2%
Totals	13,931,000	-10.6%	17,137,000	23.0%	17,482,000	2.0%	18,738,000	7.2%
Retail Tax Revenues by Activities								
Automotive	1,152,000	-11.5%	1,378,000	19.6%	1,370,000	-0.6%	1,988,000	45.1%
Building Supply Stores	328,000	10.1%	362,000	10.4%	409,000	13.0%	399,000	-2.4%
Department Stores	1,120,000	-2.9%	1,305,000	16.5%	1,380,000	5.7%	1,452,000	5.2%
Drug/Small Stores	1,221,000	0.5%	1,463,000	19.8%	1,452,000	-0.8%	1,398,000	-3.7%
Furniture/Equipment/Electronics	610,000	24.2%	650,000	6.6%	578,000	-11.1%	628,000	8.7%
Grocery Stores	841,000	7.8%	826,000	-1.8%	894,000	8.2%	964,000	7.8%
Manufacturing Firms	631,000	-19.4%	1,502,000	138.0%	500,000	-66.7%	522,000	4.4%
All Other Retail	2,106,000	19.3%	2,664,000	26.5%	2,989,000	12.2%	3,169,000	6.0%
Totals	8,009,000	2.8%	10,150,000	26.7%	9,572,000	-5.7%	10,520,000	9.9%
Fiscal Year to Date - September								
	2020-21		2021-22		2022-23		2023-24	
		Change		Change		Change		Change
Taxable Sales								
Total Taxable Sales	2,347,205,000	-0.7%	2,703,261,000	15.2%	2,822,673,000	4.4%	2,903,854,000	2.9%
Retail Taxable Sales	1,349,761,000	6.4%	1,615,290,000	19.7%	1,527,114,000	-5.5%	1,638,563,000	7.3%
Tax Revenues by Fund								
General Fund								
Privilege Tax (1.2%)	27,442,000	0.8%	31,340,000	14.2%	32,751,000	4.5%	34,318,000	4.8%
Bed Tax (5.0%)	806,000	-46.4%	1,651,000	104.8%	1,773,000	7.4%	1,886,000	6.4%
Privilege Tax Rebates	531,000	-31.6%	703,000	32.4%	695,000	-1.1%	94,000	-86.5%
Total General Fund	28,779,000	-2.5%	33,694,000	17.1%	35,219,000	4.5%	36,298,000	3.1%
Transit Fund								
Privilege Tax (0.5%)	11,435,000	0.7%	13,059,000	14.2%	13,646,000	4.5%	14,336,000	5.1%
Privilege Tax Rebates	221,000	-29.4%	293,000	32.6%	290,000	-1.0%	-	-100.0%
Total Transit Fund	11,656,000	-0.1%	13,352,000	14.6%	13,936,000	4.4%	14,336,000	2.9%
Arts & Culture Fund								
Privilege Tax (0.1%)	2,331,000	-0.1%	2,670,000	14.5%	2,787,000	4.4%	2,867,000	2.9%
Total Arts & Culture Fund	2,331,000	-0.1%	2,670,000	14.5%	2,787,000	4.4%	2,867,000	2.9%
Totals	42,766,000	-50.9%	49,716,000	16.3%	51,942,000	4.5%	53,501,000	3.0%
Tax Revenues by Business Activities								
Retail	24,296,000	6.4%	29,075,000	19.7%	27,488,000	-5.5%	27,435,000	-0.2%
Rentals	7,939,000	4.3%	8,966,000	12.9%	10,389,000	15.9%	10,555,000	1.6%
Utilities/Communication	2,449,000	1.2%	2,546,000	4.0%	2,652,000	4.2%	2,592,000	-2.3%
Restaurants	2,428,000	-22.9%	3,626,000	49.3%	3,955,000	9.1%	4,007,000	1.3%
Contracting	3,403,000	5.1%	2,392,000	-29.7%	2,987,000	24.9%	3,262,000	9.2%
Hotel/Motel	306,000	-46.0%	639,000	108.8%	687,000	7.5%	760,000	10.6%
Transient (Bed Tax)	806,000	-46.4%	1,651,000	104.8%	1,773,000	7.4%	1,924,000	8.5%
Non-Recurring Business Activities	863,000	-45.9%	186,000	-78.4%	1,291,000	594.1%	2,217,000	71.7%
Amusements	115,000	-69.6%	378,000	228.7%	473,000	25.1%	521,000	10.1%
All Other	160,000	-99.6%	256,000	60.0%	248,000	-3.1%	226,000	-8.9%
Totals	42,766,000	-50.9%	49,716,000	16.3%	51,942,000	4.5%	53,501,000	3.0%
Retail Tax Revenues by Activities								
Automotive	3,434,000	-5.5%	4,101,000	19.4%	4,080,000	-0.5%	5,318,000	30.3%
Building Supply Stores	1,042,000	10.5%	1,194,000	14.6%	1,337,000	12.0%	1,229,000	-8.1%
Department Stores	3,052,000	-1.4%	3,496,000	14.5%	3,692,000	5.6%	3,722,000	0.8%
Drug/Small Stores	3,779,000	9.1%	4,058,000	7.4%	3,518,000	-13.3%	4,003,000	13.8%
Furniture/Equipment/Electronics	2,041,000	12.6%	2,337,000	14.5%	1,415,000	-39.5%	1,492,000	5.4%
Grocery Stores	2,498,000	10.2%	2,387,000	-4.4%	2,624,000	9.9%	2,820,000	7.5%
Manufacturing Firms	1,841,000	-10.5%	3,178,000	72.6%	1,142,000	-64.1%	1,534,000	34.3%
All Other Retail	6,609,000	18.6%	8,324,000	25.9%	9,680,000	16.3%	7,317,000	-24.4%
Totals	24,296,000	6.4%	29,075,000	19.7%	27,488,000	-5.5%	27,435,000	-0.2%

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	11,998,000	284,000	2.4%
Oct	9.1%	13,172,000			
Nov	8.2%	11,844,000			
Dec	8.7%	12,522,000			
Jan	8.6%	12,494,000			
Feb	7.8%	11,284,000			
Mar	8.2%	11,832,000			
Apr	9.0%	13,031,000			
May	7.5%	10,924,000			
Jun	8.4%	12,163,000			
Totals	100.0%	\$ 144,722,000	\$ 34,318,000	\$ (1,138,000)	-0.8%

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	34,318,000	(1,138,000)	-3.2%
Jul-Oct	33.6%	48,628,000			
Jul-Nov	41.8%	60,472,000			
Jul-Dec	50.4%	72,994,000			
Jul-Jan	59.1%	85,488,000			
Jul-Feb	66.9%	96,772,000			
Jul-Mar	75.0%	108,604,000			
Jul-Apr	84.0%	121,635,000			
Jul-May	91.6%	132,559,000			
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	\$ 145,280,000	\$ 144,722,000	\$ 558,000	0.4%
% Received	\$ 140,077,000	\$ 144,722,000	\$ (4,645,000)	-3.2%

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	535,000	(653,000)	-55.0%
Sep	12.6%	1,549,000	663,000	(886,000)	-57.2%
Oct	14.7%	1,807,000			
Nov	9.9%	1,220,000			
Dec	8.1%	996,000			
Jan	4.7%	583,000			
Feb	5.0%	617,000			
Mar	5.8%	712,000			
Apr	6.9%	848,000			
May	7.9%	974,000			
Jun	8.3%	1,022,000			
Totals	100.0%	\$ 12,301,000	\$ 1,886,000	\$ (1,636,000)	-13.3%

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	1,223,000	(750,000)	-38.0%
Jul-Sep	28.6%	3,522,000	1,886,000	(1,636,000)	-46.5%
Jul-Oct	43.3%	5,329,000			
Jul-Nov	53.2%	6,549,000			
Jul-Dec	61.3%	7,545,000			
Jul-Jan	66.1%	8,128,000			
Jul-Feb	71.1%	8,745,000			
Jul-Mar	76.9%	9,457,000			
Jul-Apr	83.8%	10,305,000			
Jul-May	91.7%	11,279,000			
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	\$ 13,653,000	\$ 12,301,000	\$ 1,352,000	11.0%
% Received	\$ 6,587,000	\$ 12,301,000	\$ (5,714,000)	-46.5%

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	11,572,000	(1,343,000)	-10.4%
Sep	8.4%	13,263,000	12,661,000	(602,000)	-4.5%
Oct	9.5%	14,979,000			
Nov	8.3%	13,064,000			
Dec	8.6%	13,518,000			
Jan	8.3%	13,077,000			
Feb	7.6%	11,901,000			
Mar	8.0%	12,544,000			
Apr	8.8%	13,879,000			
May	7.6%	11,898,000			
Jun	8.4%	13,185,000			
Totals	100.0%	\$ 157,023,000	\$ 36,204,000	\$ (2,774,000)	-1.8%

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	23,543,000	(2,172,000)	-8.4%
Jul-Sep	24.8%	38,978,000	36,204,000	(2,774,000)	-7.1%
Jul-Oct	34.4%	53,957,000			
Jul-Nov	42.7%	67,021,000			
Jul-Dec	51.3%	80,539,000			
Jul-Jan	59.6%	93,616,000			
Jul-Feb	67.2%	105,517,000			
Jul-Mar	75.2%	118,061,000			
Jul-Apr	84.0%	131,940,000			
Jul-May	91.6%	143,838,000			
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	\$ 158,850,000	\$ 157,023,000	\$ 1,827,000	1.2%
% Received	\$ 145,848,000	\$ 157,023,000	\$ (11,175,000)	-7.1%