

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: January 12, 2024
SUBJECT: Tax Revenue Statistical Report – October 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 October 2023 report summarizes our analysis of the September sales activity reported to the Arizona Department of Revenue (ADOR).

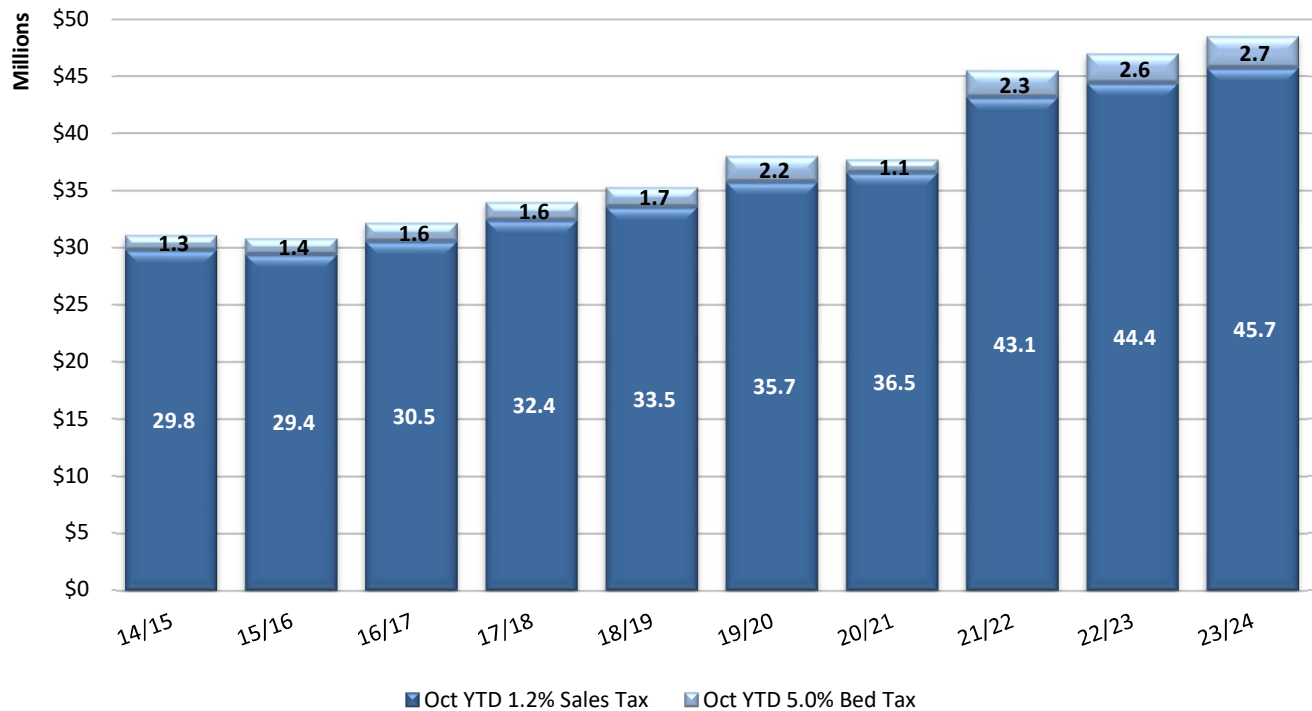
Overall Highlights

Total fiscal year to date taxable *sales* increased by 1.1% over the same year to date period in the prior fiscal year. Total sales tax *revenue* is up 1.3% or \$946 thousand, due to growth in contracting (\$452 thousand), combined hotel/motel and bed tax (\$384 thousand), and rental (\$341 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 3.2% or \$1.5 million over the prior year to date period.

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



Executive Summary

Current Month - October	2020-21		2021-22		2022-23		2023-24	
		Change		Change		Change		Change
Taxable Sales								
Total Taxable Sales	779,546,000	4.7%	1,012,979,000	29.9%	1,006,086,000	-0.7%	967,830,000	-3.8%
Retail Taxable Sales	448,439,000	15.7%	499,858,000	11.5%	507,711,000	1.6%	514,898,000	1.4%
Tax Revenues by Fund								
General Fund								
Privilege Tax (1.2%)	9,077,000	6.8%	11,768,000	29.6%	11,608,000	-1.4%	11,355,000	-2.2%
Bed Tax (5.0%)	323,000	-55.9%	685,000	112.1%	788,000	15.0%	854,000	8.4%
Privilege Tax Rebates	200,000	-20.6%	224,000	12.0%	276,000	23.2%	76,000	-72.5%
Total General Fund	9,600,000	1.2%	12,677,000	32.1%	12,672,000	0.0%	12,285,000	-3.1%
Transit Fund								
Privilege Tax (0.5%)	3,782,000	6.7%	4,903,000	29.6%	4,837,000	-1.3%	4,763,000	-1.5%
Privilege Tax Rebates	83,000	-18.6%	93,000	12.0%	115,000	23.7%	-	-100.0%
Total Transit Fund	3,865,000	5.9%	4,996,000	29.3%	4,952,000	-0.9%	4,763,000	-3.8%
Arts & Culture Fund								
Privilege Tax (0.1%)	773,000	5.9%	999,000	29.2%	990,000	-0.9%	953,000	-3.7%
Total Arts & Culture Fund	773,000	5.9%	999,000	29.2%	990,000	-0.9%	953,000	-3.7%
Totals	14,238,000	2.7%	18,672,000	31.1%	18,614,000	-0.3%	18,001,000	-3.3%
Tax Revenues by Business Activities								
Retail	8,072,000	15.7%	8,997,000	11.5%	9,139,000	1.6%	8,511,000	-6.9%
Rentals	2,911,000	11.9%	3,137,000	7.8%	3,574,000	13.9%	3,750,000	4.9%
Utilities/Communication	840,000	-2.4%	755,000	-10.1%	844,000	11.8%	934,000	10.7%
Restaurants	918,000	-16.9%	1,321,000	43.9%	1,471,000	11.4%	1,472,000	0.1%
Contracting	933,000	-20.6%	976,000	4.6%	836,000	-14.3%	1,013,000	21.2%
Hotel/Motel	124,000	-45.9%	261,000	110.5%	305,000	16.9%	346,000	13.4%
Transient (Bed Tax)	323,000	-55.9%	685,000	112.1%	788,000	15.0%	907,000	15.1%
Non-Recurring Business Activities	1,000	-50.0%	2,309,000	230800.0%	1,417,000	-38.6%	769,000	-45.7%
Amusements	65,000	-38.1%	104,000	60.0%	120,000	15.4%	175,000	45.8%
All Other	52,000	-32.5%	126,000	142.3%	119,000	-5.6%	124,000	4.2%
Totals	14,238,000	2.7%	18,672,000	31.1%	18,614,000	-0.3%	18,001,000	-3.3%
Retail Tax Revenues by Activities								
Automotive	1,192,000	8.8%	1,266,000	6.2%	1,511,000	19.4%	1,852,000	22.6%
Building Supply Stores	335,000	81.1%	374,000	11.6%	416,000	11.2%	362,000	-13.0%
Department Stores	975,000	5.7%	1,058,000	8.5%	1,146,000	8.3%	1,107,000	-3.4%
Drug/Small Stores	1,313,000	19.8%	1,357,000	3.4%	1,358,000	0.1%	1,236,000	-9.0%
Furniture/Equipment/Electronics	612,000	14.4%	602,000	-1.6%	(469,000)	-177.9%	350,000	-174.6%
Grocery Stores	867,000	6.6%	859,000	-0.9%	915,000	6.5%	959,000	4.8%
Manufacturing Firms	606,000	37.7%	627,000	3.5%	568,000	-9.4%	429,000	-24.5%
All Other Retail	2,172,000	14.9%	2,854,000	31.4%	3,694,000	29.4%	2,216,000	-40.0%
Totals	8,072,000	15.7%	8,997,000	11.5%	9,139,000	1.6%	8,511,000	-6.9%
Fiscal Year to Date - October								
	2020-21	Change	2021-22	Change	2022-23	Change	2023-24	Change
Taxable Sales								
Total Taxable Sales	3,126,751,000	0.6%	3,716,240,000	18.9%	3,828,759,000	3.0%	3,871,683,000	1.1%
Retail Taxable Sales	1,798,199,000	8.5%	2,115,148,000	17.6%	2,034,824,000	-3.8%	2,153,461,000	5.8%
Tax Revenues by Fund								
General Fund								
Privilege Tax (1.2%)	36,519,000	2.2%	43,108,000	18.0%	44,359,000	2.9%	45,673,000	3.0%
Bed Tax (5.0%)	1,128,000	-49.6%	2,336,000	107.1%	2,561,000	9.6%	2,739,000	7.0%
Privilege Tax Rebates	731,000	-28.9%	927,000	26.8%	971,000	4.7%	171,000	-82.4%
Total General Fund	38,378,000	-1.6%	46,371,000	20.8%	47,891,000	3.3%	48,583,000	1.4%
Transit Fund								
Privilege Tax (0.5%)	15,217,000	2.1%	17,962,000	18.0%	18,483,000	2.9%	19,099,000	3.3%
Privilege Tax Rebates	304,000	-26.7%	386,000	27.0%	404,000	4.7%	-	-100.0%
Total Transit Fund	15,521,000	1.3%	18,348,000	18.2%	18,887,000	2.9%	19,099,000	1.1%
Arts & Culture Fund								
Privilege Tax (0.1%)	3,104,000	1.3%	3,670,000	18.2%	3,778,000	2.9%	3,820,000	1.1%
Total Arts & Culture Fund	3,104,000	1.3%	3,670,000	18.2%	3,778,000	2.9%	3,820,000	1.1%
Totals	57,003,000	-50.3%	68,389,000	20.0%	70,556,000	3.2%	71,502,000	1.3%
Tax Revenues by Business Activities								
Retail	32,368,000	8.5%	38,073,000	17.6%	36,627,000	-3.8%	35,947,000	-1.9%
Rentals	10,850,000	6.2%	12,103,000	11.5%	13,964,000	15.4%	14,305,000	2.4%
Utilities/Communication	3,289,000	0.2%	3,301,000	0.4%	3,495,000	5.9%	3,526,000	0.9%
Restaurants	3,347,000	-21.3%	4,947,000	47.8%	5,426,000	9.7%	5,480,000	1.0%
Contracting	4,336,000	-1.7%	4,369,000	-22.3%	3,823,000	13.5%	4,275,000	11.8%
Hotel/Motel	430,000	-46.0%	900,000	109.3%	992,000	10.2%	1,106,000	11.5%
Transient (Bed Tax)	1,128,000	-49.6%	2,336,000	107.1%	2,561,000	9.6%	2,831,000	10.5%
Non-Recurring Business Activities	864,000	-45.9%	2,495,000	188.8%	2,708,000	8.5%	2,986,000	10.3%
Amusements	180,000	-62.7%	482,000	167.8%	593,000	23.0%	697,000	17.5%
All Other	212,000	-99.6%	382,000	80.2%	367,000	-3.9%	350,000	-4.6%
Totals	57,003,000	-50.3%	68,389,000	20.0%	70,556,000	3.2%	71,502,000	1.3%
Retail Tax Revenues by Activities								
Automotive	4,626,000	-2.2%	5,367,000	16.0%	5,591,000	4.2%	7,170,000	28.2%
Building Supply Stores	1,377,000	22.1%	1,568,000	13.9%	1,752,000	11.7%	1,591,000	-9.2%
Department Stores	4,027,000	0.2%	4,553,000	13.1%	4,838,000	6.3%	4,828,000	-0.2%
Drug/Small Stores	5,092,000	11.6%	5,416,000	6.4%	4,875,000	-10.0%	5,239,000	7.5%
Furniture/Equipment/Electronics	2,653,000	13.0%	2,939,000	10.8%	947,000	-67.8%	1,842,000	94.5%
Grocery Stores	3,365,000	9.3%	3,246,000	-3.5%	3,539,000	9.0%	3,779,000	6.8%
Manufacturing Firms	2,447,000	-2.0%	3,805,000	55.5%	1,711,000	-55.0%	1,962,000	14.7%
All Other Retail	8,781,000	17.7%	11,179,000	27.3%	13,374,000	19.6%	9,536,000	-28.7%
Totals	32,368,000	8.5%	38,073,000	17.6%	36,627,000	-3.8%	35,947,000	-1.9%

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	8.3%	11,977,000	11,355,000	(622,000)	-5.2%
Nov	7.5%	10,818,000			
Dec	8.2%	11,919,000			
Jan	9.6%	13,913,000			
Feb	7.9%	11,410,000			
Mar	8.1%	11,745,000			
Apr	8.9%	12,825,000			
May	8.1%	11,720,000			
Jun	8.9%	12,939,000			
Totals	100.0%	\$ 144,722,000	\$ 45,673,000	\$ (1,760,000)	-1.2%

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	32.8%	47,433,000	45,673,000	(1,760,000)	-3.7%
Jul-Nov	40.3%	58,251,000			
Jul-Dec	48.5%	70,170,000			
Jul-Jan	58.1%	84,083,000			
Jul-Feb	66.0%	95,493,000			
Jul-Mar	74.1%	107,238,000			
Jul-Apr	83.0%	120,063,000			
Jul-May	91.1%	131,783,000			
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	\$ 142,755,000	\$ 144,722,000	\$ (1,967,000)	-1.4%
% Received	\$ 139,352,000	\$ 144,722,000	\$ (5,370,000)	-3.7%

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	534,000	(654,000)	-55.1%
Sep	12.6%	1,549,000	663,000	(886,000)	-57.2%
Oct	5.1%	626,000	854,000	228,000	36.4%
Nov	6.4%	788,000			
Dec	6.8%	838,000			
Jan	6.5%	795,000			
Feb	8.3%	1,025,000			
Mar	11.3%	1,396,000			
Apr	12.4%	1,528,000			
May	8.2%	1,010,000			
Jun	6.3%	773,000			
Totals	100.0%	\$ 12,301,000	\$ 2,739,000	\$ (1,409,000)	-11.5%

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	1,222,000	(751,000)	-38.1%
Jul-Sep	28.6%	3,522,000	1,885,000	(1,637,000)	-46.5%
Jul-Oct	33.7%	4,148,000	2,739,000	(1,409,000)	-34.0%
Jul-Nov	40.1%	4,936,000			
Jul-Dec	46.9%	5,774,000			
Jul-Jan	53.4%	6,569,000			
Jul-Feb	61.7%	7,594,000			
Jul-Mar	73.1%	8,990,000			
Jul-Apr	85.5%	10,518,000			
Jul-May	93.7%	11,528,000			
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	\$ 13,725,000	\$ 12,301,000	\$ 1,424,000	11.6%
% Received	\$ 8,123,000	\$ 12,301,000	\$ (4,178,000)	-34.0%

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	11,571,000	(1,344,000)	-10.4%
Sep	8.4%	13,263,000	12,661,000	(602,000)	-4.5%
Oct	8.0%	12,603,000	12,209,000	(394,000)	-3.1%
Nov	7.4%	11,606,000			
Dec	8.1%	12,757,000			
Jan	9.4%	14,708,000			
Feb	7.9%	12,435,000			
Mar	8.4%	13,141,000			
Apr	9.1%	14,353,000			
May	8.1%	12,730,000			
Jun	8.7%	13,712,000			
Totals	100.0%	\$ 157,023,000	\$ 48,412,000	\$ (3,169,000)	-2.0%

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	23,542,000	(2,173,000)	-8.5%
Jul-Sep	24.8%	38,978,000	36,203,000	(2,775,000)	-7.1%
Jul-Oct	32.8%	51,581,000	48,412,000	(3,169,000)	-6.1%
Jul-Nov	40.2%	63,187,000			
Jul-Dec	48.4%	75,944,000			
Jul-Jan	57.7%	90,652,000			
Jul-Feb	65.7%	103,087,000			
Jul-Mar	74.0%	116,228,000			
Jul-Apr	83.2%	130,581,000			
Jul-May	91.3%	143,311,000			
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	\$ 156,296,000	\$ 157,023,000	\$ (727,000)	-0.5%
% Received	\$ 147,376,000	\$ 157,023,000	\$ (9,647,000)	-6.1%