

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 – November 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 November 2023 report summarizes our analysis of the October sales activity reported to the Arizona Department of Revenue (ADOR).

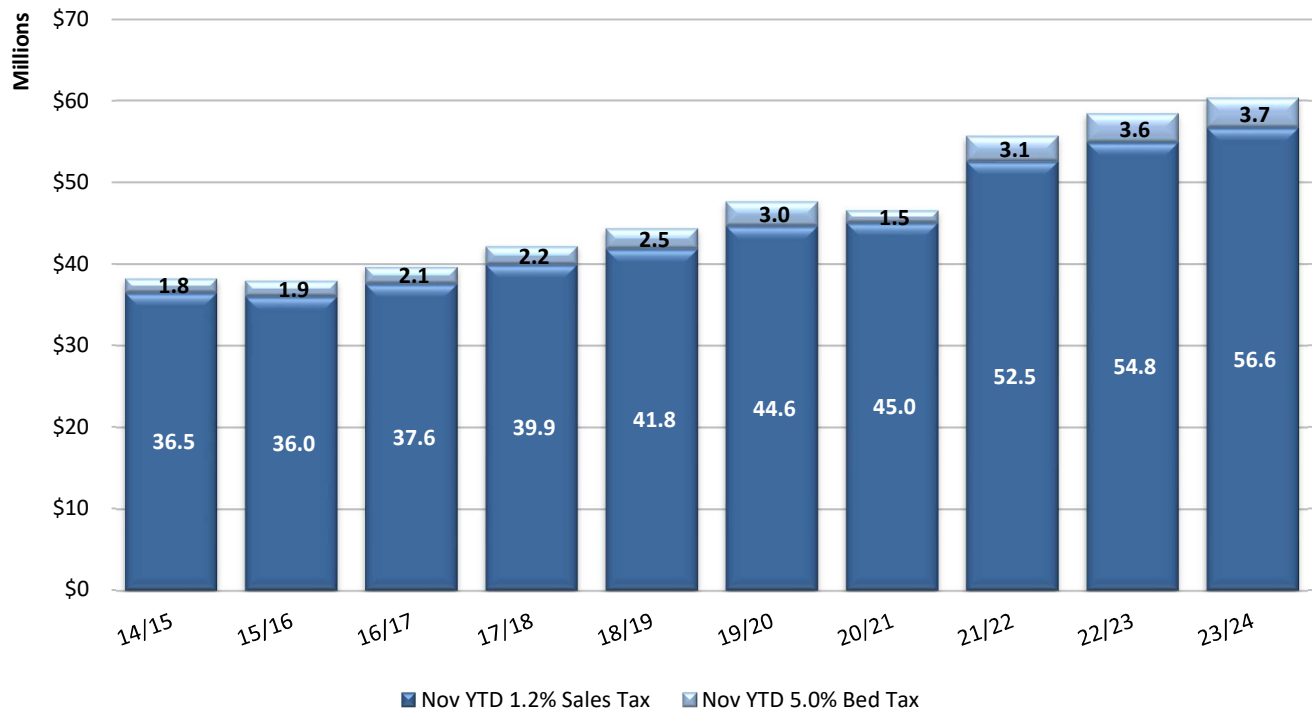
Overall Highlights

Total fiscal year to date taxable *sales* increased by 1.8% over the same year to date period in the prior fiscal year. Total sales tax *revenue* is up 2.0% or \$1.8 million, due to growth in contracting (\$684 thousand), rental (\$564 thousand) and combined hotel/motel and bed tax (\$420 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 3.3% or \$1.9 million over the prior year to date period.

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



Executive Summary

Current Month - November	2020-21	Change	2021-22	Change	2022-23	Change	2023-24	Change
Taxable Sales								
Total Taxable Sales	732,496,000	-5.8%	819,392,000	11.9%	893,526,000	9.0%	937,609,000	4.9%
Retail Taxable Sales	427,177,000	4.8%	486,168,000	13.8%	477,658,000	-1.8%	491,899,000	3.0%
Tax Revenues by Fund								
General Fund								
Privilege Tax (1.2%)	8,503,000	-4.4%	9,389,000	10.4%	10,485,000	11.7%	10,949,000	4.4%
Bed Tax (5.0%)	381,000	-51.8%	808,000	112.1%	991,000	22.6%	960,000	-3.1%
Privilege Tax Rebates	196,000	-21.3%	250,000	27.6%	-	-100.0%	102,000	100.0%
Total General Fund	9,080,000	-8.6%	10,447,000	15.1%	11,476,000	9.8%	12,011,000	4.7%
Transit Fund								
Privilege Tax (0.5%)	3,543,000	-4.6%	3,912,000	10.4%	4,369,000	11.7%	4,605,000	5.4%
Privilege Tax Rebates	82,000	-14.6%	104,000	26.8%	-	-100.0%	-	0.0%
Total Transit Fund	3,625,000	-4.9%	4,016,000	10.8%	4,369,000	8.8%	4,605,000	5.4%
Arts & Culture Fund								
Privilege Tax (0.1%)	725,000	-4.9%	803,000	10.8%	874,000	8.8%	921,000	5.4%
Total Arts & Culture Fund	725,000	-4.9%	803,000	10.8%	874,000	8.8%	921,000	5.4%
Totals	13,430,000	-7.4%	15,266,000	13.7%	16,719,000	9.5%	17,537,000	4.9%
Tax Revenues by Business Activities								
Retail	7,689,000	4.8%	8,751,000	13.8%	7,950,000	-9.2%	8,854,000	11.4%
Rentals	2,499,000	-4.5%	2,806,000	12.3%	3,341,000	19.1%	3,563,000	6.6%
Utilities/Communication	682,000	-5.0%	662,000	-2.9%	719,000	8.6%	796,000	10.7%
Restaurants	965,000	-15.1%	1,404,000	45.5%	1,474,000	5.0%	1,485,000	0.7%
Contracting	858,000	-38.8%	742,000	-13.5%	853,000	15.0%	1,086,000	27.3%
Hotel/Motel	145,000	-51.2%	307,000	111.7%	403,000	31.3%	399,000	-1.0%
Transient (Bed Tax)	381,000	-51.8%	808,000	112.1%	991,000	22.6%	1,030,000	3.9%
Non-Recurring Business Activities	1,000	100.0%	(468,000)	-46900.0%	653,000	-239.5%	-	-100.0%
Amusements	63,000	-37.6%	158,000	150.8%	215,000	36.1%	193,000	-10.2%
All Other	144,000	37.1%	97,000	-32.6%	117,000	20.6%	130,000	11.1%
Totals	13,430,000	-7.4%	15,266,000	13.7%	16,719,000	9.5%	17,537,000	4.9%
Retail Tax Revenues by Activities								
Automotive	1,184,000	15.1%	1,268,000	7.1%	1,249,000	-1.5%	1,279,000	2.4%
Building Supply Stores	348,000	-12.6%	415,000	19.3%	421,000	1.4%	400,000	-5.0%
Department Stores	965,000	4.8%	1,101,000	14.1%	1,155,000	4.9%	1,095,000	-5.2%
Drug/Small Stores	1,233,000	9.2%	1,162,000	-5.8%	1,270,000	9.3%	993,000	-21.8%
Furniture/Equipment/Electronics	561,000	3.9%	580,000	3.4%	523,000	-9.8%	492,000	-5.9%
Grocery Stores	757,000	1.1%	837,000	10.6%	923,000	10.3%	920,000	-0.3%
Manufacturing Firms	508,000	-8.3%	652,000	28.3%	432,000	-33.7%	449,000	3.9%
All Other Retail	2,133,000	5.6%	2,736,000	28.3%	1,977,000	-27.7%	3,226,000	63.2%
Totals	7,689,000	4.8%	8,751,000	13.8%	7,950,000	-9.2%	8,854,000	11.4%
Fiscal Year to Date - November								
Taxable Sales								
Total Taxable Sales	3,859,248,000	-0.7%	4,535,632,000	17.5%	4,722,285,000	4.1%	4,809,292,000	1.8%
Retail Taxable Sales	2,225,376,000	7.8%	2,601,315,000	16.9%	2,512,482,000	-3.4%	2,645,359,000	5.3%
Tax Revenues by Fund								
General Fund								
Privilege Tax (1.2%)	45,022,000	0.9%	52,496,000	16.6%	54,844,000	4.5%	56,622,000	3.2%
Bed Tax (5.0%)	1,509,000	-50.1%	3,144,000	108.3%	3,552,000	13.0%	3,699,000	4.1%
Privilege Tax Rebates	927,000	-27.4%	1,177,000	27.0%	971,000	-17.5%	273,000	-71.9%
Total General Fund	47,458,000	-3.0%	56,817,000	19.7%	59,367,000	4.5%	60,594,000	2.1%
Transit Fund								
Privilege Tax (0.5%)	18,760,000	0.8%	21,874,000	16.6%	22,852,000	4.5%	23,704,000	3.7%
Privilege Tax Rebates	386,000	-24.5%	490,000	26.9%	404,000	-17.6%	-	-100.0%
Total Transit Fund	19,146,000	0.1%	22,364,000	16.8%	23,256,000	4.0%	23,704,000	1.9%
Arts & Culture Fund								
Privilege Tax (0.1%)	3,829,000	0.1%	4,473,000	16.8%	4,651,000	4.0%	4,741,000	1.9%
Total Arts & Culture Fund	3,829,000	0.1%	4,473,000	16.8%	4,651,000	4.0%	4,741,000	1.9%
Totals	70,433,000	-51.0%	83,654,000	18.8%	87,274,000	4.3%	89,039,000	2.0%
Tax Revenues by Business Activities								
Retail	40,057,000	7.8%	46,824,000	16.9%	44,577,000	-4.8%	44,801,000	0.5%
Rentals	13,350,000	4.0%	14,909,000	11.7%	17,305,000	16.1%	17,869,000	3.3%
Utilities/Communication	3,971,000	-0.7%	3,963,000	-0.2%	4,215,000	6.4%	4,321,000	2.5%
Restaurants	4,312,000	-20.0%	6,351,000	47.3%	6,900,000	8.6%	6,964,000	0.9%
Contracting	5,194,000	-10.7%	4,111,000	-20.9%	4,676,000	13.7%	5,360,000	14.6%
Hotel/Motel	575,000	-47.4%	1,207,000	109.9%	1,395,000	15.6%	1,506,000	8.0%
Transient (Bed Tax)	1,509,000	-50.1%	3,144,000	108.3%	3,552,000	13.0%	3,861,000	8.7%
Non-Recurring Business Activities	865,000	-45.8%	2,027,000	134.3%	3,360,000	65.8%	2,986,000	-11.1%
Amusements	243,000	-58.4%	640,000	163.4%	809,000	26.4%	890,000	10.0%
All Other	356,000	-99.5%	479,000	34.6%	484,000	1.0%	480,000	-0.8%
Totals	70,433,000	-51.0%	83,654,000	18.8%	87,274,000	4.3%	89,039,000	2.0%
Retail Tax Revenues by Activities								
Automotive	5,809,000	0.9%	6,635,000	14.2%	6,840,000	3.1%	8,449,000	23.5%
Building Supply Stores	1,726,000	13.1%	1,983,000	14.9%	2,173,000	9.6%	1,991,000	-8.4%
Department Stores	4,992,000	1.1%	5,654,000	13.3%	5,993,000	6.0%	5,924,000	-1.2%
Drug/Small Stores	6,325,000	11.2%	6,577,000	4.0%	6,146,000	-6.6%	6,232,000	1.4%
Furniture/Equipment/Electronics	3,214,000	11.3%	3,519,000	9.5%	1,470,000	-58.2%	2,334,000	58.8%
Grocery Stores	4,122,000	7.7%	4,083,000	-0.9%	4,463,000	9.3%	4,699,000	5.3%
Manufacturing Firms	2,955,000	-3.2%	4,457,000	50.8%	2,143,000	-51.9%	2,411,000	12.5%
All Other Retail	10,914,000	15.1%	13,916,000	27.5%	15,349,000	10.3%	12,761,000	-16.9%
Totals	40,057,000	7.8%	46,824,000	16.9%	44,577,000	-4.8%	44,801,000	0.5%

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	10,949,000	131,000	1.2%
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	\$ 56,622,000	\$ (1,629,000)	-1.1%

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	56,622,000	(1,629,000)	-2.8%
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	\$ 143,143,000	\$ 144,722,000	\$ (1,579,000)	-1.1%
% Received	\$ 140,675,000	\$ 144,722,000	\$ (4,047,000)	-2.8%

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	960,000	172,000	21.8%
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	\$ 3,699,000	\$ (1,237,000)	-10.1%

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	3,699,000	(1,237,000)	-25.1%
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	\$ 13,359,000	\$ 12,301,000	\$ 1,058,000	8.6%
% Received	\$ 9,218,000	\$ 12,301,000	\$ (3,083,000)	-25.1%

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	11,909,000	303,000	2.6%
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	\$ 60,321,000	\$ (2,866,000)	-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	23,542,000	(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	60,321,000	(2,866,000)	-4.5%
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	\$ 156,470,000	\$ 157,023,000	\$ (553,000)	-0.4%
% Received	\$ 149,901,000	\$ 157,023,000	\$ (7,122,000)	-4.5%