

# 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: March 8, 2024  
SUBJECT: Tax Revenue Statistical Report – December 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 December 2023 report summarizes our analysis of the November sales activity reported to the Arizona Department of Revenue (ADOR).

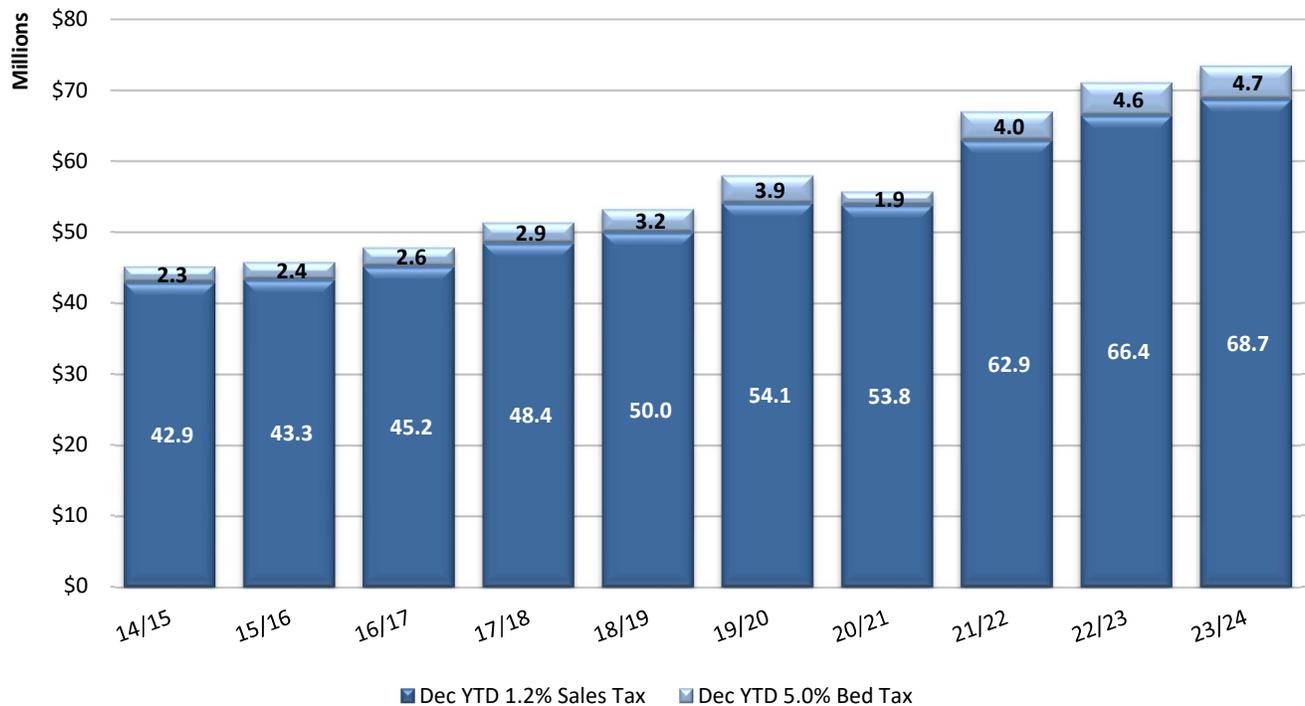
## Overall Highlights

Total fiscal year to date taxable *sales* increased by 2.3% over the same year to date period in the prior fiscal year. Total sales tax *revenue* is up 2.5% or \$2.6 million, due to growth in retail (\$1.2 million), rentals (\$997 thousand) and contracting (\$873 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 \$2.4 million over the prior year to date period.

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





## Executive Summary

Current Month - Decmber	2020-21	Change	2021-22	Change	2022-23	Change	2023-24	Change
<b>Taxable Sales</b>								
Total Taxable Sales	754,593,000	-8.7%	905,444,000	20.0%	983,736,000	8.6%	1,030,326,000	4.7%
Retail Taxable Sales	437,187,000	-2.5%	530,230,000	21.3%	510,803,000	-3.7%	531,288,000	4.0%
<b>Tax Revenues by Fund</b>								
General Fund								
Privilege Tax (1.2%)	8,762,000	-7.1%	10,416,000	18.9%	11,552,000	10.9%	12,048,000	4.3%
Bed Tax (5.0%)	367,000	-58.8%	875,000	138.4%	1,055,000	20.6%	1,012,000	-4.1%
Privilege Tax Rebates	205,000	-25.7%	239,000	16.6%	-	-100.0%	104,000	100.0%
<b>Total General Fund</b>	<b>9,334,000</b>	<b>-11.9%</b>	<b>11,530,000</b>	<b>23.5%</b>	<b>12,607,000</b>	<b>9.3%</b>	<b>13,164,000</b>	<b>4.4%</b>
Transit Fund								
Privilege Tax (0.5%)	3,651,000	-7.1%	4,340,000	18.9%	4,813,000	10.9%	5,063,000	5.2%
Privilege Tax Rebates	85,000	-26.1%	99,000	16.5%	-	-100.0%	-	0.0%
<b>Total Transit Fund</b>	<b>3,736,000</b>	<b>-7.6%</b>	<b>4,439,000</b>	<b>18.8%</b>	<b>4,813,000</b>	<b>8.4%</b>	<b>5,063,000</b>	<b>5.2%</b>
Arts & Culture Fund								
Privilege Tax (0.1%)	747,000	-7.7%	888,000	18.9%	963,000	8.4%	1,013,000	5.2%
<b>Total Arts &amp; Culture Fund</b>	<b>747,000</b>	<b>-7.7%</b>	<b>888,000</b>	<b>18.9%</b>	<b>963,000</b>	<b>8.4%</b>	<b>1,013,000</b>	<b>5.2%</b>
<b>Totals</b>	<b>13,817,000</b>	<b>-10.6%</b>	<b>16,857,000</b>	<b>22.0%</b>	<b>18,383,000</b>	<b>9.1%</b>	<b>19,240,000</b>	<b>4.7%</b>
<b>Tax Revenues by Business Activities</b>								
Retail	7,768,000	-3.7%	9,544,000	22.9%	8,604,000	-9.8%	9,563,000	11.1%
Rentals	2,720,000	-1.6%	3,208,000	17.9%	3,412,000	6.4%	3,845,000	12.7%
Utilities/Communication	536,000	-0.2%	587,000	9.5%	573,000	-2.4%	656,000	14.5%
Restaurants	944,000	-21.6%	1,325,000	40.4%	1,424,000	7.5%	1,469,000	3.2%
Contracting	826,000	-18.6%	671,000	-18.8%	1,078,000	60.7%	1,266,000	17.4%
Hotel/Motel	155,000	-53.5%	327,000	111.0%	410,000	25.4%	420,000	2.4%
Transient (Bed Tax)	367,000	-58.8%	875,000	138.4%	1,055,000	20.6%	1,084,000	2.7%
Non-Recurring Business Activities	378,000	-9.8%	33,000	-91.3%	1,495,000	4430.3%	674,000	-54.9%
Amusements	72,000	-44.2%	139,000	93.1%	203,000	46.0%	159,000	-21.7%
All Other	52,000	-41.6%	148,000	184.6%	130,000	-12.2%	103,000	-20.8%
<b>Totals</b>	<b>13,817,000</b>	<b>-10.6%</b>	<b>16,857,000</b>	<b>22.0%</b>	<b>18,383,000</b>	<b>9.1%</b>	<b>19,240,000</b>	<b>4.7%</b>
<b>Retail Tax Revenues by Activities</b>								
Automotive	1,148,000	-6.0%	1,222,000	6.4%	1,334,000	9.2%	1,352,000	1.3%
Building Supply Stores	318,000	17.3%	391,000	23.0%	391,000	0.0%	373,000	-4.6%
Department Stores	1,056,000	-6.0%	1,195,000	13.2%	1,260,000	5.4%	1,287,000	2.1%
Drug/Small Stores	1,234,000	9.3%	1,375,000	11.4%	1,380,000	0.4%	1,273,000	-7.8%
Furniture/Equipment/Electronics	511,000	-4.1%	585,000	14.5%	607,000	3.8%	631,000	4.0%
Grocery Stores	886,000	0.6%	848,000	-4.3%	975,000	15.0%	984,000	0.9%
Manufacturing Firms	510,000	-15.0%	1,230,000	141.2%	485,000	-60.6%	458,000	-5.6%
All Other Retail	2,105,000	-8.9%	2,698,000	28.2%	2,172,000	-19.5%	3,205,000	47.6%
<b>Totals</b>	<b>7,768,000</b>	<b>-3.7%</b>	<b>9,544,000</b>	<b>22.9%</b>	<b>8,604,000</b>	<b>-9.8%</b>	<b>9,563,000</b>	<b>11.1%</b>
<b>Fiscal Year to Date - Decmber</b>								
Current Month - Decmber	2020-21	Change	2021-22	Change	2022-23	Change	2023-24	Change
<b>Taxable Sales</b>								
Total Taxable Sales	4,613,840,000	-2.1%	5,441,076,000	17.9%	5,706,020,000	4.9%	5,839,618,000	2.3%
Retail Taxable Sales	2,662,564,000	6.0%	3,131,545,000	17.6%	3,023,286,000	-3.5%	3,176,647,000	5.1%
<b>Tax Revenues by Fund</b>								
General Fund								
Privilege Tax (1.2%)	53,784,000	-0.5%	62,912,000	17.0%	66,396,000	5.5%	68,670,000	3.4%
Bed Tax (5.0%)	1,876,000	-52.1%	4,020,000	114.3%	4,607,000	14.6%	4,711,000	2.3%
Privilege Tax Rebates	1,132,000	-27.1%	1,416,000	25.1%	971,000	-31.4%	377,000	-61.2%
<b>Total General Fund</b>	<b>56,792,000</b>	<b>-4.6%</b>	<b>68,348,000</b>	<b>20.3%</b>	<b>71,974,000</b>	<b>5.3%</b>	<b>73,758,000</b>	<b>2.5%</b>
Transit Fund								
Privilege Tax (0.5%)	22,411,000	-0.6%	26,214,000	17.0%	27,665,000	5.5%	28,767,000	4.0%
Privilege Tax Rebates	471,000	-24.8%	589,000	25.1%	404,000	-31.4%	-	-100.0%
<b>Total Transit Fund</b>	<b>22,882,000</b>	<b>-1.2%</b>	<b>26,803,000</b>	<b>17.1%</b>	<b>28,069,000</b>	<b>4.7%</b>	<b>28,767,000</b>	<b>2.5%</b>
Arts & Culture Fund								
Privilege Tax (0.1%)	4,576,000	-1.3%	5,361,000	17.2%	5,614,000	4.7%	5,753,000	2.5%
<b>Total Arts &amp; Culture Fund</b>	<b>4,576,000</b>	<b>-1.3%</b>	<b>5,361,000</b>	<b>17.2%</b>	<b>5,614,000</b>	<b>4.7%</b>	<b>5,753,000</b>	<b>2.5%</b>
<b>Totals</b>	<b>84,250,000</b>	<b>-51.8%</b>	<b>100,512,000</b>	<b>19.3%</b>	<b>105,657,000</b>	<b>5.1%</b>	<b>108,278,000</b>	<b>2.5%</b>
<b>Tax Revenues by Business Activities</b>								
Retail	47,825,000	5.7%	56,368,000	17.9%	53,181,000	-5.7%	54,364,000	2.2%
Rentals	16,070,000	3.0%	18,117,000	12.7%	20,717,000	14.4%	21,714,000	4.8%
Utilities/Communication	4,507,000	-0.6%	4,550,000	1.0%	4,788,000	5.2%	4,977,000	3.9%
Restaurants	5,256,000	-20.3%	7,676,000	46.0%	8,324,000	8.4%	8,433,000	1.3%
Contracting	6,020,000	-11.8%	4,782,000	-20.6%	5,754,000	20.3%	6,627,000	15.2%
Hotel/Motel	730,000	-48.8%	1,534,000	110.1%	1,805,000	17.7%	1,926,000	6.7%
Transient (Bed Tax)	1,876,000	-52.1%	4,020,000	114.3%	4,607,000	14.6%	4,945,000	7.3%
Non-Recurring Business Activities	1,243,000	-38.3%	2,059,000	65.6%	4,855,000	135.8%	3,660,000	-24.6%
Amusements	315,000	-55.8%	779,000	147.3%	1,012,000	29.9%	1,049,000	3.7%
All Other	408,000	-99.5%	627,000	53.7%	614,000	-2.1%	583,000	-5.0%
<b>Totals</b>	<b>84,250,000</b>	<b>-51.8%</b>	<b>100,512,000</b>	<b>19.3%</b>	<b>105,657,000</b>	<b>5.1%</b>	<b>108,278,000</b>	<b>2.5%</b>
<b>Retail Tax Revenues by Activities</b>								
Automotive	6,957,000	-0.3%	7,857,000	12.9%	8,175,000	4.0%	9,801,000	19.9%
Building Supply Stores	2,044,000	13.7%	2,374,000	16.1%	2,564,000	8.0%	2,365,000	-7.8%
Department Stores	6,048,000	-0.2%	6,849,000	13.2%	7,253,000	5.9%	7,211,000	-0.6%
Drug/Small Stores	7,559,000	10.9%	7,953,000	5.2%	7,526,000	-5.4%	7,505,000	-0.3%
Furniture/Equipment/Electronics	3,725,000	8.9%	4,104,000	10.2%	2,076,000	-49.4%	2,965,000	42.8%
Grocery Stores	5,008,000	6.3%	4,931,000	-1.5%	5,438,000	10.3%	5,683,000	4.5%
Manufacturing Firms	3,465,000	-5.1%	5,687,000	64.1%	2,628,000	-53.8%	2,869,000	9.2%
All Other Retail	13,019,000	10.4%	16,613,000	27.6%	17,521,000	5.5%	15,965,000	-8.9%
<b>Totals</b>	<b>47,825,000</b>	<b>5.7%</b>	<b>56,368,000</b>	<b>17.9%</b>	<b>53,181,000</b>	<b>-5.7%</b>	<b>54,364,000</b>	<b>2.2%</b>

## 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	12,048,000	129,000	1.1%
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			
<b>Totals</b>	<b>100.0%</b>	<b>\$ 144,722,000</b>	<b>\$ 68,670,000</b>	<b>\$ (1,500,000)</b>	<b>-1.0%</b>

#### 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	68,670,000	(1,500,000)	-2.1%
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	\$ 143,398,000	\$ 144,722,000	\$ (1,324,000)	-0.9%
% Received	\$ 141,628,000	\$ 144,722,000	\$ (3,094,000)	-2.1%

### 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	1,012,000	174,000	20.8%
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			
<b>Totals</b>	<b>100.0%</b>	<b>\$ 12,301,000</b>	<b>\$ 4,711,000</b>	<b>\$ (1,063,000)</b>	<b>-8.6%</b>

#### 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	4,711,000	(1,063,000)	-18.4%
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 Bed Tax Revenue Projections

Method	Bed Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 13,118,000	\$ 12,301,000	\$ 817,000	6.6%
% Received	\$ 10,036,000	\$ 12,301,000	\$ (2,265,000)	-18.4%

### 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	13,060,000	303,000	2.4%
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			
<b>Totals</b>	<b>100.0%</b>	<b>\$ 157,023,000</b>	<b>\$ 73,381,000</b>	<b>\$ (2,563,000)</b>	<b>-1.6%</b>

#### 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	73,381,000	(2,563,000)	-3.4%
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 Total Tax Revenue Projections

Method	Total Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 156,550,000	\$ 157,023,000	\$ (473,000)	-0.3%
% Received	\$ 151,724,000	\$ 157,023,000	\$ (5,299,000)	-3.4%