

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: April 5, 2024
SUBJECT: Tax Revenue Statistical Report – February 2024

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 February 2024 report summarizes our analysis of the January sales activity reported to the Arizona Department of Revenue (ADOR).

Overall Highlights

Total fiscal year to date taxable *sales* increased by 1.9% over the same year to date period in the prior fiscal year. Total sales tax *revenue* is up 1.9% or \$2.8 million, due to growth in rentals (\$1.5 million), contracting (\$1.1 million) and retail (\$451 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 2.3% or \$2.2 million over the prior year to date period.

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



Executive Summary

Current Month - February	2020-21		2021-22		2022-23		2023-24	
		Change		Change		Change		Change
Taxable Sales								
Total Taxable Sales	804,197,000	2.6%	929,960,000	15.6%	947,311,000	1.9%	979,797,000	3.4%
Retail Taxable Sales	480,119,000	12.4%	521,619,000	8.6%	519,564,000	-0.4%	523,487,000	0.8%
Tax Revenues by Fund								
General Fund								
Privilege Tax (1.2%)	9,347,000	4.1%	10,677,000	14.2%	11,058,000	3.6%	11,380,000	2.9%
Bed Tax (5.0%)	490,000	-49.2%	899,000	83.5%	1,291,000	43.6%	1,267,000	-1.9%
Privilege Tax Rebates	186,000	-5.1%	267,000	43.5%	-	-100.0%	109,000	100.0%
Total General Fund	10,023,000	-1.2%	11,843,000	18.2%	12,349,000	4.3%	12,756,000	3.3%
Transit Fund								
Privilege Tax (0.5%)	3,895,000	4.1%	4,449,000	14.2%	4,607,000	3.6%	4,787,000	3.9%
Privilege Tax Rebates	77,000	-6.1%	111,000	44.2%	-	-100.0%	-	0.0%
Total Transit Fund	3,972,000	3.9%	4,560,000	14.8%	4,607,000	1.0%	4,787,000	3.9%
Arts & Culture Fund								
Privilege Tax (0.1%)	794,000	3.8%	912,000	14.9%	921,000	1.0%	957,000	3.9%
Total Arts & Culture Fund	794,000	3.8%	912,000	14.9%	921,000	1.0%	957,000	3.9%
Totals	14,789,000	0.4%	17,315,000	17.1%	17,877,000	3.2%	18,500,000	3.5%
Tax Revenues by Business Activities								
Retail	8,642,000	12.4%	9,389,000	8.6%	9,352,000	-0.4%	9,423,000	0.8%
Rentals	2,636,000	2.1%	2,826,000	7.2%	3,302,000	16.8%	3,372,000	2.1%
Utilities/Communication	513,000	-3.0%	534,000	4.1%	568,000	6.4%	646,000	13.7%
Restaurants	1,014,000	-13.1%	1,280,000	26.2%	1,477,000	15.4%	1,549,000	4.9%
Contracting	1,093,000	-5.0%	1,555,000	42.3%	1,044,000	-32.9%	1,154,000	10.5%
Hotel/Motel	187,000	-48.2%	335,000	79.1%	533,000	59.1%	514,000	-3.6%
Transient (Bed Tax)	490,000	-49.2%	899,000	83.5%	1,291,000	43.6%	1,350,000	4.6%
Non-Recurring Business Activities	84,000	100.0%	310,000	269.0%	16,000	-94.8%	-	-100.0%
Amusements	77,000	-42.1%	113,000	46.8%	193,000	70.8%	379,000	96.4%
All Other	54,000	-64.7%	72,000	33.3%	102,000	41.7%	114,000	11.8%
Totals	14,789,000	0.4%	17,315,000	17.1%	17,877,000	3.2%	18,500,000	3.5%
Retail Tax Revenues by Activities								
Automotive	1,174,000	6.6%	1,232,000	4.9%	1,270,000	3.1%	1,233,000	-2.9%
Building Supply Stores	343,000	10.3%	379,000	10.5%	407,000	7.4%	375,000	-7.9%
Department Stores	924,000	6.8%	969,000	4.9%	1,042,000	7.5%	1,079,000	3.6%
Drug/Small Stores	1,329,000	16.4%	1,396,000	5.0%	1,251,000	-10.4%	1,216,000	-2.8%
Furniture/Equipment/Electronics	762,000	65.3%	629,000	-17.5%	693,000	10.2%	496,000	-28.4%
Grocery Stores	759,000	-4.3%	1,092,000	43.9%	857,000	-21.5%	1,099,000	28.2%
Manufacturing Firms	786,000	72.4%	837,000	6.5%	410,000	-51.0%	398,000	-2.9%
All Other Retail	2,565,000	0.2%	2,855,000	11.3%	3,422,000	19.9%	3,527,000	3.1%
Totals	8,642,000	12.4%	9,389,000	8.6%	9,352,000	-0.4%	9,423,000	0.8%
Fiscal Year to Date - February								
	2020-21		2021-22		2022-23		2023-24	
		Change		Change		Change		Change
Taxable Sales								
Total Taxable Sales	6,335,689,000	-0.5%	7,457,314,000	17.7%	7,797,045,000	4.6%	7,942,362,000	1.9%
Retail Taxable Sales	3,709,288,000	7.8%	4,315,905,000	16.4%	4,204,499,000	-2.6%	4,317,199,000	2.7%
Tax Revenues by Fund								
General Fund								
Privilege Tax (1.2%)	73,798,000	1.1%	86,069,000	16.6%	90,938,000	5.7%	93,274,000	2.6%
Bed Tax (5.0%)	2,664,000	-52.0%	5,768,000	116.5%	6,899,000	19.6%	6,812,000	-1.3%
Privilege Tax Rebates	1,591,000	-23.7%	2,035,000	27.9%	971,000	-52.3%	556,000	-42.7%
Total General Fund	78,053,000	-3.2%	93,872,000	20.3%	98,808,000	5.3%	100,642,000	1.9%
Transit Fund								
Privilege Tax (0.5%)	30,750,000	1.1%	35,863,000	16.6%	37,891,000	5.7%	39,093,000	3.2%
Privilege Tax Rebates	662,000	-21.8%	847,000	27.9%	404,000	-52.3%	-	-100.0%
Total Transit Fund	31,412,000	0.5%	36,710,000	16.9%	38,295,000	4.3%	39,093,000	2.1%
Arts & Culture Fund								
Privilege Tax (0.1%)	6,282,000	0.4%	7,342,000	16.9%	7,659,000	4.3%	7,819,000	2.1%
Total Arts & Culture Fund	6,282,000	0.4%	7,342,000	16.9%	7,659,000	4.3%	7,819,000	2.1%
Totals	115,747,000	-51.0%	137,924,000	19.2%	144,762,000	5.0%	147,554,000	1.9%
Tax Revenues by Business Activities								
Retail	66,666,000	7.6%	77,686,000	16.5%	74,443,000	-4.2%	74,894,000	0.6%
Rentals	21,824,000	2.7%	24,433,000	12.0%	28,071,000	14.9%	29,606,000	5.5%
Utilities/Communication	5,518,000	-1.4%	5,576,000	1.1%	5,899,000	5.8%	6,215,000	5.4%
Restaurants	7,209,000	-19.8%	10,378,000	44.0%	11,337,000	9.2%	11,660,000	2.8%
Contracting	8,110,000	-10.1%	7,639,000	-5.8%	7,857,000	2.9%	8,992,000	14.4%
Hotel/Motel	1,033,000	-49.2%	2,197,000	112.7%	2,771,000	26.1%	2,775,000	0.1%
Transient (Bed Tax)	2,664,000	-52.0%	5,768,000	116.5%	6,899,000	19.6%	7,174,000	4.0%
Non-Recurring Business Activities	1,736,000	-14.7%	2,396,000	38.0%	5,242,000	118.8%	3,660,000	-30.2%
Amusements	464,000	-55.3%	1,039,000	123.9%	1,396,000	34.4%	1,740,000	24.6%
All Other	524,000	-99.6%	812,000	55.0%	847,000	4.3%	837,000	-1.2%
Totals	115,747,000	-51.0%	137,924,000	19.2%	144,762,000	5.0%	147,554,000	1.9%
Retail Tax Revenues by Activities								
Automotive	9,371,000	0.1%	10,567,000	12.8%	10,822,000	2.4%	12,412,000	14.7%
Building Supply Stores	2,711,000	13.1%	3,132,000	15.5%	3,375,000	7.8%	3,113,000	-7.8%
Department Stores	8,340,000	-1.0%	9,428,000	13.0%	9,955,000	5.6%	9,940,000	-0.2%
Drug/Small Stores	10,538,000	10.6%	11,111,000	5.4%	10,527,000	-5.3%	10,314,000	-2.0%
Furniture/Equipment/Electronics	5,241,000	16.0%	5,542,000	5.7%	3,357,000	-39.4%	4,032,000	20.1%
Grocery Stores	6,990,000	4.5%	7,338,000	5.0%	7,654,000	4.3%	8,090,000	5.7%
Manufacturing Firms	5,015,000	6.3%	7,524,000	50.0%	3,541,000	-52.9%	3,774,000	6.6%
All Other Retail	18,460,000	13.2%	23,044,000	24.8%	25,212,000	9.4%	23,219,000	-7.9%
Totals	66,666,000	7.6%	77,686,000	16.5%	74,443,000	-4.2%	74,894,000	0.6%

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	13,224,000	(689,000)	-5.0%
Feb	7.9%	11,410,000	11,380,000	(30,000)	-0.3%
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	\$ 93,274,000	\$ (2,219,000)	-1.5%

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	81,894,000	(2,189,000)	-2.6%
Jul-Feb	66.0%	95,493,000	93,274,000	(2,219,000)	-2.3%
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	\$ 142,211,000	\$ 144,722,000	\$ (2,511,000)	-1.7%
% Received	\$ 141,359,000	\$ 144,722,000	\$ (3,363,000)	-2.3%

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	834,000	39,000	4.9%
Feb	8.3%	1,025,000	1,267,000	242,000	23.6%
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	\$ 6,812,000	\$ (782,000)	-6.4%

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	5,545,000	(1,024,000)	-15.6%
Jul-Feb	61.7%	7,594,000	6,812,000	(782,000)	-10.3%
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	\$ 12,666,000	\$ 12,301,000	\$ 365,000	3.0%
% Received	\$ 11,034,000	\$ 12,301,000	\$ (1,267,000)	-10.3%

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	14,058,000	(650,000)	-4.4%
Feb	7.9%	12,435,000	12,647,000	212,000	1.7%
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	\$ 100,086,000	\$ (3,001,000)	-1.9%

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	87,439,000	(3,213,000)	-3.5%
Jul-Feb	65.7%	103,087,000	100,086,000	(3,001,000)	-2.9%
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	\$ 154,959,000	\$ 157,023,000	\$ (2,064,000)	-1.3%
% Received	\$ 152,452,000	\$ 157,023,000	\$ (4,571,000)	-2.9%