

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 19, 2024
SUBJECT: Tax Revenue Statistical Report – March 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 March 2024 report summarizes our analysis of the February sales activity reported to the Arizona Department of Revenue (ADOR).

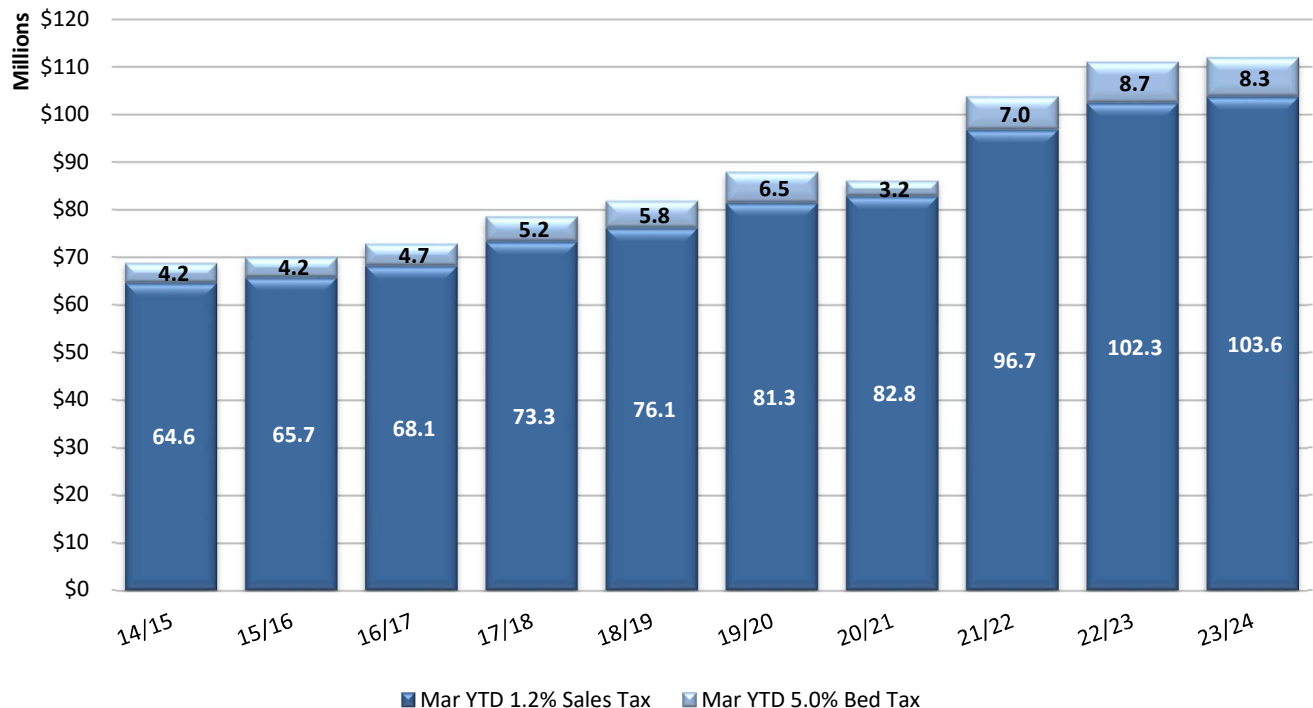
Overall Highlights

Total fiscal year to date taxable *sales* increased by 0.7% over the same year to date period in the prior fiscal year. Total sales tax *revenue* is up 0.7% or \$1.2 million, due to growth in rentals (\$1.7 million), contracting (\$1.5 million) and retail (\$454 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 0.8% or \$909 thousand over the prior year to date period.

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



Executive Summary

Current Month - March	2020-21	Change	2021-22	Change	2022-23	Change	2023-24	Change
Taxable Sales								
Total Taxable Sales	775,599,000	5.7%	935,037,000	20.6%	983,715,000	5.2%	899,027,000	-8.6%
Retail Taxable Sales	472,824,000	19.0%	522,479,000	10.5%	531,146,000	1.7%	427,262,000	-19.6%
Tax Revenues by Fund								
General Fund								
Privilege Tax (1.2%)	8,990,000	7.5%	10,631,000	18.3%	11,383,000	7.1%	10,331,000	-9.2%
Bed Tax (5.0%)	529,000	-46.1%	1,251,000	136.5%	1,758,000	40.5%	1,468,000	-16.5%
Privilege Tax Rebates	190,000	-8.2%	289,000	52.1%	-	-100.0%	150,000	100.0%
Total General Fund	9,709,000	1.7%	12,171,000	25.4%	13,141,000	8.0%	11,949,000	-9.1%
Transit Fund								
Privilege Tax (0.5%)	3,746,000	7.6%	4,430,000	18.3%	4,743,000	7.1%	4,367,000	-7.9%
Privilege Tax Rebates	79,000	-8.1%	120,000	51.9%	-	-100.0%	-	0.0%
Total Transit Fund	3,825,000	7.2%	4,550,000	19.0%	4,743,000	4.2%	4,367,000	-7.9%
Arts & Culture Fund								
Privilege Tax (0.1%)	765,000	7.1%	910,000	19.0%	949,000	4.3%	873,000	-8.0%
Total Arts & Culture Fund	765,000	7.1%	910,000	19.0%	949,000	4.3%	873,000	-8.0%
Totals	14,299,000	3.4%	17,631,000	23.3%	18,833,000	6.8%	17,189,000	-8.7%
Tax Revenues by Business Activities								
Retail	8,375,000	17.1%	9,405,000	12.3%	9,561,000	1.7%	7,691,000	-19.6%
Rentals	2,624,000	6.3%	3,299,000	25.7%	3,403,000	3.2%	3,569,000	4.9%
Utilities/Communication	471,000	-7.1%	517,000	9.8%	578,000	11.8%	617,000	6.7%
Restaurants	1,059,000	4.4%	1,395,000	31.7%	1,585,000	13.6%	1,628,000	2.7%
Contracting	707,000	-40.0%	1,001,000	41.6%	852,000	-14.9%	1,169,000	37.2%
Hotel/Motel	205,000	-44.3%	470,000	129.3%	686,000	46.0%	559,000	-18.5%
Transient (Bed Tax)	529,000	-46.1%	1,251,000	136.5%	1,758,000	40.5%	1,573,000	-10.5%
Non-Recurring Business Activities	145,000	-1711.1%	61,000	-57.9%	6,000	-90.2%	-	-100.0%
Amusements	82,000	-18.8%	126,000	53.7%	189,000	50.0%	299,000	58.2%
All Other	102,000	43.7%	107,000	4.9%	213,000	99.1%	84,000	-60.6%
Totals	14,299,000	3.4%	17,631,000	23.3%	18,833,000	6.8%	17,189,000	-8.7%
Retail Tax Revenues by Activities								
Automotive	1,249,000	11.6%	1,295,000	3.7%	1,269,000	-2.0%	395,000	-68.9%
Building Supply Stores	340,000	18.5%	414,000	21.8%	378,000	-8.7%	378,000	0.0%
Department Stores	1,155,000	22.6%	1,097,000	-5.0%	1,094,000	-0.3%	1,079,000	-1.4%
Drug/Small Stores	1,334,000	25.7%	1,307,000	-2.0%	1,285,000	-1.7%	1,169,000	-9.0%
Furniture/Equipment/Electronics	708,000	59.1%	686,000	-3.1%	577,000	-15.9%	515,000	-10.7%
Grocery Stores	859,000	7.5%	822,000	-4.3%	995,000	21.0%	927,000	-6.8%
Manufacturing Firms	665,000	27.6%	858,000	29.0%	418,000	-51.3%	375,000	-10.3%
All Other Retail	2,065,000	4.5%	2,926,000	41.7%	3,545,000	21.2%	2,853,000	-19.5%
Totals	8,375,000	17.1%	9,405,000	12.3%	9,561,000	1.7%	7,691,000	-19.6%
Fiscal Year to Date - March								
Taxable Sales								
Total Taxable Sales	7,111,288,000	0.2%	8,392,351,000	18.0%	8,780,760,000	4.6%	8,841,389,000	0.7%
Retail Taxable Sales	4,182,112,000	9.0%	4,838,384,000	15.7%	4,735,646,000	-2.1%	4,744,461,000	0.2%
Tax Revenues by Fund								
General Fund								
Privilege Tax (1.2%)	82,788,000	1.8%	96,700,000	16.8%	102,320,000	5.8%	103,605,000	1.3%
Bed Tax (5.0%)	3,192,000	-51.1%	7,019,000	119.9%	8,657,000	23.3%	8,281,000	-4.3%
Privilege Tax Rebates	1,782,000	-22.2%	2,324,000	30.4%	971,000	-58.2%	706,000	-27.3%
Total General Fund	87,762,000	-2.6%	106,043,000	20.8%	111,948,000	5.6%	112,592,000	0.6%
Transit Fund								
Privilege Tax (0.5%)	34,496,000	1.7%	40,293,000	16.8%	42,634,000	5.8%	43,460,000	1.9%
Privilege Tax Rebates	741,000	-20.6%	967,000	30.5%	404,000	-58.2%	-	-100.0%
Total Transit Fund	35,237,000	1.1%	41,260,000	17.1%	43,038,000	4.3%	43,460,000	1.0%
Arts & Culture Fund								
Privilege Tax (0.1%)	7,047,000	1.1%	8,252,000	17.1%	8,608,000	4.3%	8,692,000	1.0%
Total Arts & Culture Fund	7,047,000	1.1%	8,252,000	17.1%	8,608,000	4.3%	8,692,000	1.0%
Totals	130,046,000	-50.7%	155,555,000	19.6%	163,594,000	5.2%	164,744,000	0.7%
Tax Revenues by Business Activities								
Retail	75,041,000	8.6%	87,091,000	16.1%	84,003,000	-3.5%	82,585,000	-1.7%
Rentals	24,447,000	3.1%	27,732,000	13.4%	31,475,000	13.5%	33,175,000	5.4%
Utilities/Communication	5,989,000	-1.9%	6,093,000	1.7%	6,477,000	6.3%	6,833,000	5.5%
Restaurants	8,268,000	-17.3%	11,773,000	42.4%	12,923,000	9.8%	13,287,000	2.8%
Contracting	8,817,000	-13.6%	8,640,000	-2.0%	8,709,000	0.8%	10,161,000	16.7%
Hotel/Motel	1,238,000	-48.5%	2,666,000	115.3%	3,457,000	29.7%	3,334,000	-3.6%
Transient (Bed Tax)	3,192,000	-51.1%	7,019,000	119.9%	8,657,000	23.3%	8,747,000	1.0%
Non-Recurring Business Activities	1,881,000	-7.2%	2,457,000	30.6%	5,248,000	113.6%	3,660,000	-30.3%
Amusements	546,000	-52.1%	1,165,000	113.4%	1,585,000	36.1%	2,039,000	28.6%
All Other	627,000	-99.5%	919,000	46.6%	1,061,000	15.5%	921,000	-13.2%
Totals	130,046,000	-50.7%	155,555,000	19.6%	163,594,000	5.2%	164,744,000	0.7%
Retail Tax Revenues by Activities								
Automotive	10,620,000	1.3%	11,863,000	11.7%	12,091,000	1.9%	12,806,000	5.9%
Building Supply Stores	3,051,000	13.7%	3,546,000	16.2%	3,753,000	5.8%	3,491,000	-7.0%
Department Stores	9,495,000	1.4%	10,525,000	10.8%	11,049,000	5.0%	11,019,000	-0.3%
Drug/Small Stores	11,872,000	12.1%	12,418,000	4.6%	11,811,000	-4.9%	11,483,000	-2.8%
Furniture/Equipment/Electronics	5,949,000	19.9%	6,228,000	4.7%	3,933,000	-36.8%	4,547,000	15.6%
Grocery Stores	7,850,000	4.9%	8,160,000	3.9%	8,649,000	6.0%	9,016,000	4.2%
Manufacturing Firms	5,680,000	8.5%	8,382,000	47.6%	3,959,000	-52.8%	4,149,000	4.8%
All Other Retail	20,524,000	12.2%	25,969,000	26.5%	28,758,000	10.7%	26,074,000	-9.3%
Totals	75,041,000	8.6%	87,091,000	16.1%	84,003,000	-3.5%	82,585,000	-1.7%

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	10,331,000	(1,414,000)	-12.0%
Apr	8.9%	12,825,000			
May	8.1%	11,720,000			
Jun	8.9%	12,939,000			
Totals	100.0%	\$ 144,722,000	\$ 103,605,000	\$ (3,633,000)	-2.5%

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	103,605,000	(3,633,000)	-3.4%
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	\$ 140,390,000	\$ 144,722,000	\$ (4,332,000)	-3.0%
% Received	\$ 139,819,000	\$ 144,722,000	\$ (4,903,000)	-3.4%

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	1,268,000	243,000	23.7%
Mar	11.3%	1,396,000	1,468,000	72,000	5.2%
Apr	12.4%	1,528,000			
May	8.2%	1,010,000			
Jun	6.3%	773,000			
Totals	100.0%	\$ 12,301,000	\$ 8,281,000	\$ (709,000)	-5.8%

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	6,813,000	(781,000)	-10.3%
Jul-Mar	73.1%	8,990,000	8,281,000	(709,000)	-7.9%
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	\$ 12,271,000	\$ 12,301,000	\$ (30,000)	-0.2%
% Received	\$ 11,331,000	\$ 12,301,000	\$ (970,000)	-7.9%

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	12,648,000	213,000	1.7%
Mar	8.4%	13,141,000	11,799,000	(1,342,000)	-10.2%
Apr	9.1%	14,353,000			
May	8.1%	12,730,000			
Jun	8.7%	13,712,000			
Totals	100.0%	\$ 157,023,000	\$ 111,886,000	\$ (4,342,000)	-2.8%

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	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	100,087,000	(3,000,000)	-2.9%
Jul-Mar	74.0%	116,228,000	111,886,000	(4,342,000)	-3.7%
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	\$ 152,717,000	\$ 157,023,000	\$ (4,306,000)	-2.7%
% Received	\$ 151,157,000	\$ 157,023,000	\$ (5,866,000)	-3.7%