

# 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: July 5, 2024  
SUBJECT: Tax Revenue Statistical Report – May 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 May 2024 report summarizes our analysis of the April sales activity reported to the Arizona Department of Revenue (ADOR).

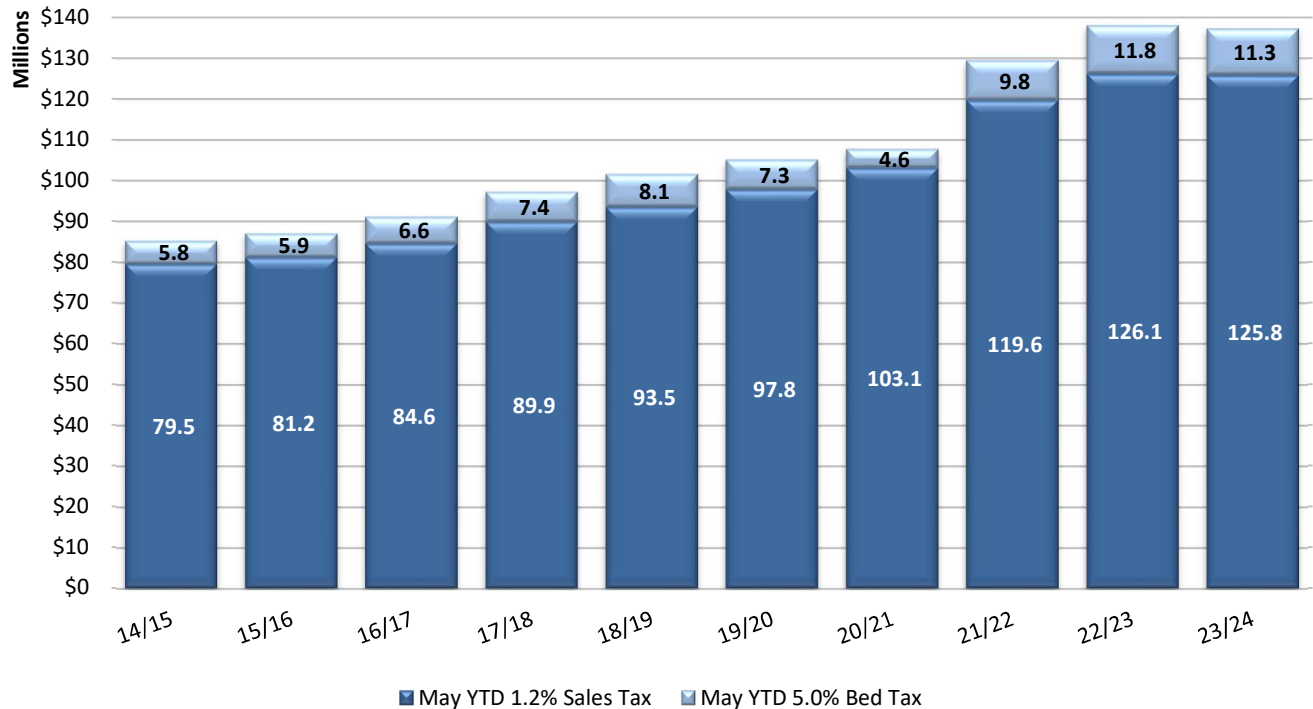
## Overall Highlights

Total fiscal year to date taxable *sales* decreased by 0.5% over the same year to date period in the prior fiscal year. Total sales tax *revenue* is down 0.5% or \$900 thousand, despite growth in rentals (\$2.0 million), contracting (\$1.3 million) and restaurants (\$554 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 down 0.6% or \$800 thousand over the prior year to date period.

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





## Executive Summary

Current Month - MAY	2020-21		2021-22		2022-23		2023-24	
		Change		Change		Change		Change
<b>Taxable Sales</b>								
Total Taxable Sales	852,387,000	36.1%	943,067,000	10.6%	972,030,000	3.1%	905,389,000	-6.9%
Retail Taxable Sales	471,130,000	29.8%	545,960,000	15.9%	516,532,000	-5.4%	449,101,000	-13.1%
<b>Tax Revenues by Fund</b>								
General Fund								
Privilege Tax (1.2%)	9,846,000	33.4%	10,761,000	9.3%	11,358,000	5.5%	10,464,000	-7.9%
Bed Tax (5.0%)	631,000	221.9%	1,154,000	82.9%	1,272,000	10.2%	1,284,000	0.9%
Privilege Tax Rebates	231,000	165.5%	279,000	20.8%	1,000	-99.6%	133,000	13200.0%
<b>Total General Fund</b>	<b>10,708,000</b>	<b>39.7%</b>	<b>12,194,000</b>	<b>13.9%</b>	<b>12,631,000</b>	<b>3.6%</b>	<b>11,881,000</b>	<b>-5.9%</b>
Transit Fund								
Privilege Tax (0.5%)	4,103,000	33.4%	4,484,000	9.3%	4,733,000	5.6%	4,415,000	-6.7%
Privilege Tax Rebates	96,000	166.7%	116,000	20.8%	-	-100.0%	-	0.0%
<b>Total Transit Fund</b>	<b>4,199,000</b>	<b>34.9%</b>	<b>4,600,000</b>	<b>9.5%</b>	<b>4,733,000</b>	<b>2.9%</b>	<b>4,415,000</b>	<b>-6.7%</b>
Arts & Culture Fund								
Privilege Tax (0.1%)	840,000	35.0%	920,000	9.5%	947,000	2.9%	883,000	-6.8%
<b>Total Arts &amp; Culture Fund</b>	<b>840,000</b>	<b>35.0%</b>	<b>920,000</b>	<b>9.5%</b>	<b>947,000</b>	<b>2.9%</b>	<b>883,000</b>	<b>-6.8%</b>
<b>Totals</b>	<b>15,747,000</b>	<b>38.2%</b>	<b>17,714,000</b>	<b>12.5%</b>	<b>18,311,000</b>	<b>3.4%</b>	<b>17,179,000</b>	<b>-6.2%</b>
<b>Tax Revenues by Business Activities</b>								
Retail	6,571,000	0.6%	9,827,000	49.6%	9,018,000	-8.2%	8,084,000	-10.4%
Rentals	2,698,000	14.3%	2,640,000	-2.1%	3,449,000	30.6%	3,396,000	-1.5%
Utilities/Communication	507,000	5.6%	542,000	6.9%	517,000	-4.6%	609,000	17.8%
Restaurants	1,292,000	112.2%	1,490,000	15.3%	1,594,000	7.0%	1,647,000	3.3%
Contracting	695,000	-34.1%	937,000	34.8%	1,308,000	39.6%	1,133,000	-13.4%
Hotel/Motel	241,000	225.7%	447,000	85.5%	486,000	8.7%	528,000	8.6%
Transient (Bed Tax)	631,000	221.9%	1,154,000	82.9%	1,158,000	0.3%	1,378,000	19.0%
Non-Recurring Business Activities	2,957,000	9756.7%	466,000	-84.2%	528,000	13.3%	178,000	-66.3%
Amusements	84,000	4100.0%	136,000	61.9%	181,000	33.1%	148,000	-18.2%
All Other	71,000	22.4%	75,000	5.6%	70,000	-6.7%	78,000	11.4%
<b>Totals</b>	<b>15,747,000</b>	<b>38.2%</b>	<b>17,714,000</b>	<b>12.5%</b>	<b>18,311,000</b>	<b>3.4%</b>	<b>17,179,000</b>	<b>-6.2%</b>
<b>Retail Tax Revenues by Activities</b>								
Automotive	1,490,000	70.3%	1,508,000	1.2%	1,404,000	-6.9%	1,381,000	-1.6%
Building Supply Stores	437,000	23.1%	514,000	17.6%	436,000	-15.2%	418,000	-4.1%
Department Stores	1,139,000	50.3%	1,150,000	1.0%	1,143,000	-0.6%	1,129,000	-1.2%
Drug/Small Stores	1,368,000	60.9%	1,346,000	-1.6%	1,280,000	-4.9%	1,214,000	-5.2%
Furniture/Equipment/Electronics	590,000	42.2%	638,000	8.1%	533,000	-16.5%	541,000	1.5%
Grocery Stores	837,000	-3.1%	1,226,000	46.5%	959,000	-21.8%	948,000	-1.1%
Manufacturing Firms	317,000	-38.7%	506,000	59.6%	398,000	-21.3%	584,000	46.7%
All Other Retail	393,000	-79.3%	2,939,000	647.8%	2,865,000	-2.5%	1,869,000	-34.8%
<b>Totals</b>	<b>6,571,000</b>	<b>0.6%</b>	<b>9,827,000</b>	<b>49.6%</b>	<b>9,018,000</b>	<b>-8.2%</b>	<b>8,084,000</b>	<b>-10.4%</b>
<b>Fiscal Year to Date - MAY</b>								
	2020-21		2021-22		2022-23		2023-24	
		Change		Change		Change		Change
<b>Taxable Sales</b>								
Total Taxable Sales	8,873,002,000	4.3%	10,411,691,000	17.3%	10,827,129,000	4.0%	10,769,029,000	-0.5%
Retail Taxable Sales	5,191,995,000	11.3%	6,005,837,000	15.7%	5,825,632,000	-3.0%	5,695,736,000	-2.2%
<b>Tax Revenues by Fund</b>								
General Fund								
Privilege Tax (1.2%)	103,084,000	5.4%	119,644,000	16.1%	126,108,000	5.4%	125,803,000	-0.2%
Bed Tax (5.0%)	4,625,000	-36.8%	9,764,000	111.1%	11,848,000	21.3%	11,342,000	-4.3%
Privilege Tax Rebates	2,282,000	-10.3%	2,953,000	29.4%	979,000	-66.8%	992,000	1.3%
<b>Total General Fund</b>	<b>109,991,000</b>	<b>2.2%</b>	<b>132,361,000</b>	<b>20.3%</b>	<b>138,935,000</b>	<b>5.0%</b>	<b>138,137,000</b>	<b>-0.6%</b>
Transit Fund								
Privilege Tax (0.5%)	42,953,000	5.4%	49,853,000	16.1%	52,546,000	5.4%	52,829,000	0.5%
Privilege Tax Rebates	950,000	-8.6%	1,229,000	29.4%	404,000	-67.1%	-	-100.0%
<b>Total Transit Fund</b>	<b>43,903,000</b>	<b>5.0%</b>	<b>51,082,000</b>	<b>16.4%</b>	<b>52,950,000</b>	<b>3.7%</b>	<b>52,829,000</b>	<b>-0.2%</b>
Arts & Culture Fund								
Privilege Tax (0.1%)	8,781,000	5.0%	10,216,000	16.3%	10,590,000	3.7%	10,566,000	-0.2%
<b>Total Arts &amp; Culture Fund</b>	<b>8,781,000</b>	<b>5.0%</b>	<b>10,216,000</b>	<b>16.3%</b>	<b>10,590,000</b>	<b>3.7%</b>	<b>10,566,000</b>	<b>-0.2%</b>
<b>Totals</b>	<b>162,675,000</b>	<b>-48.5%</b>	<b>193,659,000</b>	<b>19.0%</b>	<b>202,475,000</b>	<b>4.6%</b>	<b>201,532,000</b>	<b>-0.5%</b>
<b>Tax Revenues by Business Activities</b>								
Retail	91,309,000	8.7%	108,105,000	18.4%	103,219,000	-4.5%	99,708,000	-3.4%
Rentals	30,207,000	4.8%	33,754,000	11.7%	38,840,000	15.1%	40,837,000	5.1%
Utilities/Communication	6,993,000	-1.3%	7,163,000	2.4%	7,594,000	6.0%	7,967,000	4.9%
Restaurants	10,859,000	-5.1%	14,851,000	36.8%	16,204,000	9.1%	16,758,000	3.4%
Contracting	10,439,000	-15.3%	10,622,000	1.8%	11,101,000	4.5%	12,371,000	11.4%
Hotel/Motel	1,786,000	-33.7%	3,723,000	108.5%	4,693,000	26.1%	4,602,000	-1.9%
Transient (Bed Tax)	4,625,000	-36.8%	9,764,000	111.1%	11,741,000	20.2%	12,015,000	2.3%
Non-Recurring Business Activities	4,905,000	138.6%	3,120,000	-36.4%	5,908,000	89.4%	3,839,000	-35.0%
Amusements	722,000	-40.7%	1,483,000	105.4%	1,974,000	33.1%	2,388,000	21.0%
All Other	829,000	-99.5%	1,074,000	29.6%	1,202,000	11.9%	1,047,000	-12.9%
<b>Totals</b>	<b>162,675,000</b>	<b>-48.5%</b>	<b>193,659,000</b>	<b>19.0%</b>	<b>202,475,000</b>	<b>4.6%</b>	<b>201,532,000</b>	<b>-0.5%</b>
<b>Retail Tax Revenues by Activities</b>								
Automotive	13,673,000	10.8%	14,949,000	9.3%	14,930,000	-0.1%	15,096,000	1.1%
Building Supply Stores	3,884,000	14.9%	4,543,000	17.0%	4,580,000	0.8%	4,284,000	-6.5%
Department Stores	11,953,000	7.7%	12,952,000	8.4%	13,429,000	3.7%	13,394,000	-0.3%
Drug/Small Stores	14,664,000	15.1%	15,259,000	4.1%	14,675,000	-3.8%	14,045,000	-4.3%
Furniture/Equipment/Electronics	7,118,000	20.7%	7,703,000	8.2%	5,009,000	-35.0%	5,511,000	10.0%
Grocery Stores	9,567,000	2.2%	10,386,000	8.6%	10,734,000	3.4%	10,952,000	2.0%
Manufacturing Firms	6,705,000	3.7%	10,057,000	50.0%	4,931,000	-51.0%	5,097,000	3.4%
All Other Retail	23,745,000	4.7%	32,256,000	35.8%	34,931,000	8.3%	31,329,000	-10.3%
<b>Totals</b>	<b>91,309,000</b>	<b>8.7%</b>	<b>108,105,000</b>	<b>18.4%</b>	<b>103,219,000</b>	<b>-4.5%</b>	<b>99,708,000</b>	<b>-3.4%</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	11,997,000	283,000	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	11,735,000	(1,090,000)	-8.5%
May	8.1%	11,720,000	10,464,000	(1,256,000)	-10.7%
Jun	8.9%	12,939,000			
<b>Totals</b>	<b>100.0%</b>	<b>\$ 144,722,000</b>	<b>\$ 125,803,000</b>	<b>\$ (5,980,000)</b>	<b>-4.1%</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	34,317,000	(1,139,000)	-3.2%
Jul-Oct	32.8%	47,433,000	45,672,000	(1,761,000)	-3.7%
Jul-Nov	40.3%	58,251,000	56,621,000	(1,630,000)	-2.8%
Jul-Dec	48.5%	70,170,000	68,669,000	(1,501,000)	-2.1%
Jul-Jan	58.1%	84,083,000	81,893,000	(2,190,000)	-2.6%
Jul-Feb	66.0%	95,493,000	93,273,000	(2,220,000)	-2.3%
Jul-Mar	74.1%	107,238,000	103,604,000	(3,634,000)	-3.4%
Jul-Apr	83.0%	120,063,000	115,339,000	(4,724,000)	-3.9%
Jul-May	91.1%	131,783,000	125,803,000	(5,980,000)	-4.5%
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	\$ 138,312,000	\$ 144,722,000	\$ (6,410,000)	-4.4%
% Received	\$ 138,155,000	\$ 144,722,000	\$ (6,567,000)	-4.5%

### 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	1,777,000	249,000	16.3%
May	8.2%	1,010,000	1,284,000	274,000	27.1%
Jun	6.3%	773,000			
<b>Totals</b>	<b>100.0%</b>	<b>\$ 12,301,000</b>	<b>\$ 11,342,000</b>	<b>\$ (86,000)</b>	<b>-1.5%</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	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	10,058,000	(460,000)	-4.4%
Jul-May	93.7%	11,528,000	11,342,000	(186,000)	-1.6%
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	\$ 12,274,000	\$ 12,301,000	\$ (27,000)	-0.2%
% Received	\$ 12,103,000	\$ 12,301,000	\$ (198,000)	-1.6%

### 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	12,660,000	(603,000)	-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	13,512,000	(841,000)	-5.9%
May	8.1%	12,730,000	11,748,000	(982,000)	-7.7%
Jun	8.7%	13,712,000			
<b>Totals</b>	<b>100.0%</b>	<b>\$ 157,023,000</b>	<b>\$ 137,145,000</b>	<b>\$ (6,166,000)</b>	<b>-3.9%</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	36,202,000	(2,776,000)	-7.1%
Jul-Oct	32.8%	51,581,000	48,411,000	(3,170,000)	-6.1%
Jul-Nov	40.2%	63,187,000	60,320,000	(2,867,000)	-4.5%
Jul-Dec	48.4%	75,944,000	73,380,000	(2,564,000)	-3.4%
Jul-Jan	57.7%	90,652,000	87,438,000	(3,214,000)	-3.5%
Jul-Feb	65.7%	103,087,000	100,086,000	(3,001,000)	-2.9%
Jul-Mar	74.0%	116,228,000	111,885,000	(4,343,000)	-3.7%
Jul-Apr	83.2%	130,581,000	125,397,000	(5,184,000)	-4.0%
Jul-May	91.3%	143,311,000	137,145,000	(6,166,000)	-4.3%
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	\$ 150,579,000	\$ 157,023,000	\$ (6,444,000)	-4.1%
% Received	\$ 150,267,000	\$ 157,023,000	\$ (6,756,000)	-4.3%