

# Memorandum

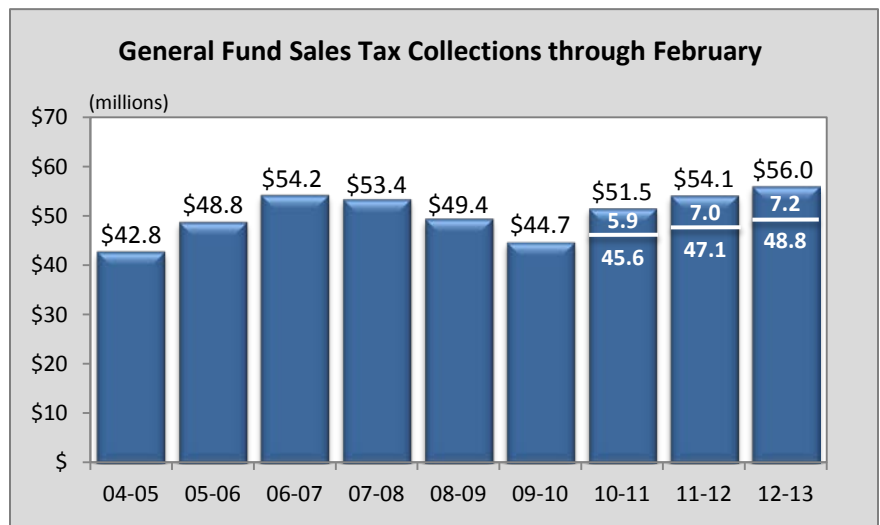


## Finance and Technology Department

Date: March 15, 2013  
To: Mayor and Council  
From: Ken Jones, Finance and Technology Director (350-8504)  
Subject: Tax Revenue Statistical Report – **February 2013**

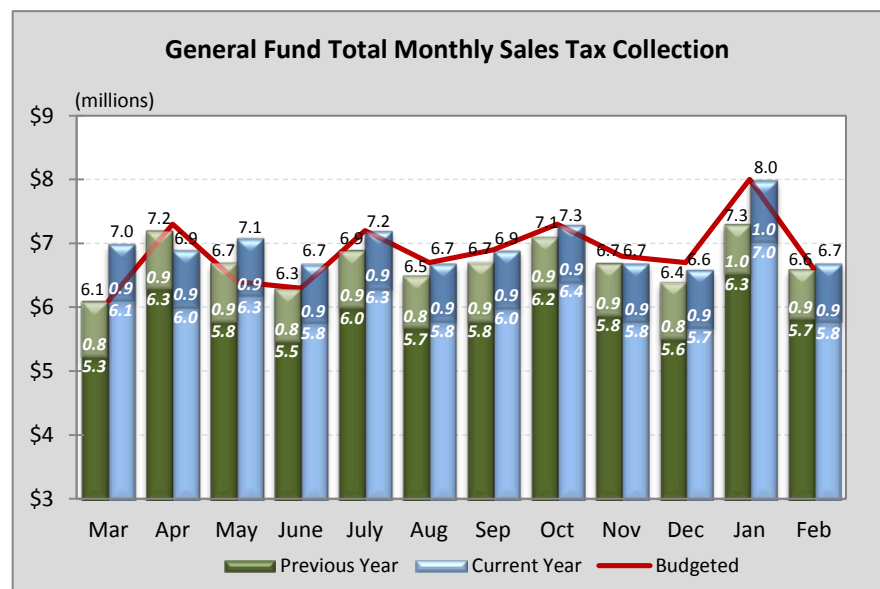
Attached is the Executive Summary of the Tax Revenue Statistical Report for February 2013 covering January sales activity reported to our Tax and License Division in February.

The graph to the right depicts year-to-date General Fund historical privilege tax revenue from FY 2004-05 through FY 2012-13. General Fund Sales Tax revenue collected for 2012-13 is up 3.5% from the same period in the prior fiscal year. In terms of actual dollars received (\$56.0 million), we are \$1.9 million ahead of last fiscal year (\$54.1 million). Of the total amount collected through February, \$7.2 million was from the temporary sales tax, which expires in June 2014. The leading category of growth in terms of dollars received was Retail, which grew by 4.6%. Gains were partially offset by a 3.4% decline in Contracting sales tax collections through February.



The graph to the right represents twelve months of activity, comparing current year General Fund monthly sales tax collections to the previous year. Current and previous years' collections are broken into two components: the 1.2% permanent tax and the 0.2% temporary tax.

Though sales taxes are not budgeted on a monthly basis, it is possible to apply historical collection percentages to the annual budget number to gain insight into sales tax performance. Using this approach, sales tax collections are .9%, or \$482 thousand below forecast through February.



Executive Summary

| Current Month -February                    |             |        |             |        |             |        |             |        | Fiscal Year to Date through February |               |        |               |        |               |        |               |        |
|--------------------------------------------|-------------|--------|-------------|--------|-------------|--------|-------------|--------|--------------------------------------|---------------|--------|---------------|--------|---------------|--------|---------------|--------|
|                                            | 2009-10     |        | 2010-11     |        | 2011-12     |        | 2012-13     |        |                                      | 2009-10       |        | 2010-11       |        | 2011-12       |        | 2012-13       |        |
|                                            | Change      |        | Change      |        | Change      |        | Change      |        |                                      | Change        |        | Change        |        | Change        |        | Change        |        |
| Taxable Sales                              |             |        |             |        |             |        |             |        |                                      |               |        |               |        |               |        |               |        |
| Total Taxable Sales                        | 451,350,000 | -11.4% | 490,962,000 | 8.8%   | 492,561,000 | 0.3%   | 497,903,000 | 1.1%   |                                      | 3,978,075,000 | -10.7% | 4,046,540,000 | 1.7%   | 4,104,751,000 | 1.4%   | 4,260,583,000 | 3.8%   |
| Retail Taxable Sales                       | 211,782,000 | -4.3%  | 253,093,000 | 19.5%  | 260,294,000 | 2.8%   | 269,765,000 | 3.6%   |                                      | 1,918,967,000 | -7.4%  | 2,065,317,000 | 7.6%   | 2,087,796,000 | 1.1%   | 2,201,024,000 | 5.4%   |
|                                            |             |        |             |        |             |        |             |        |                                      |               |        |               |        |               |        |               |        |
| Tax Revenues by Funds                      |             |        |             |        |             |        |             |        |                                      |               |        |               |        |               |        |               |        |
| Privilege Tax - General Fund (1.2%)        | 4,937,000   | -7.7%  | 5,618,000   | 13.8%  | 5,680,000   | 1.1%   | 5,815,000   | 2.4%   |                                      | 44,671,000    | -9.7%  | 45,560,000    | 2.0%   | 47,142,000    | 3.5%   | 48,774,000    | 3.5%   |
| Temporary Privilege Tax - General Fund     | 0,000       |        | 851,000     |        | 845,000     | -0.7%  | 861,000     | 1.9%   |                                      |               |        | 5,907,000     |        | 6,964,000     | 17.9%  | 7,226,000     | 3.8%   |
| Transit Tax Fund (.5%)                     | 2,057,000   | -8.0%  | 2,341,000   | 13.8%  | 2,369,000   | 1.2%   | 2,425,000   | 2.4%   |                                      | 18,623,000    | -10.3% | 18,993,000    | 2.0%   | 19,658,000    | 3.5%   | 20,342,000    | 3.5%   |
| Arts Tax Fund (.1%)                        | 424,000     | -8.2%  | 481,000     | 13.4%  | 487,000     | 1.2%   | 501,000     | 2.9%   |                                      | 3,847,000     | -10.1% | 3,922,000     | 1.9%   | 4,060,000     | 3.5%   | 4,205,000     | 3.6%   |
| Privilege Tax - Rebates Fund               | 326,000     | -9.4%  | 250,000     | -23.3% | 253,000     | 1.2%   | 303,000     | 19.8%  |                                      | 2,872,000     | -13.2% | 3,046,000     | 6.1%   | 2,481,000     | -18.5% | 2,638,000     | 6.3%   |
| Bed Tax Fund                               | 245,000     | -14.3% | 482,000     | 96.7%  | 427,000     | -11.4% | 484,000     | 13.3%  |                                      | 1,435,000     | -18.4% | 2,351,000     | 63.8%  | 2,407,000     | 2.4%   | 2,596,000     | 7.9%   |
| Totals                                     | 7,989,000   | -8.1%  | 10,023,000  | 25.5%  | 10,061,000  | 0.4%   | 10,389,000  | 3.3%   |                                      | 71,448,000    | -10.2% | 79,779,000    | 11.7%  | 82,712,000    | 3.7%   | 85,781,000    | 3.7%   |
|                                            |             |        |             |        |             |        |             |        |                                      |               |        |               |        |               |        |               |        |
| Tax Revenues - Business Activities         |             |        |             |        |             |        |             |        |                                      |               |        |               |        |               |        |               |        |
| Retail                                     | 3,985,000   | -3.3%  | 5,220,000   | 31.0%  | 5,303,000   | 1.6%   | 5,498,000   | 3.7%   |                                      | 35,539,000    | -6.2%  | 41,333,000    | 16.3%  | 42,934,000    | 3.9%   | 44,896,000    | 4.6%   |
| Rentals                                    | 1,507,000   | -12.3% | 1,776,000   | 17.9%  | 1,843,000   | 3.8%   | 1,771,000   | -3.9%  |                                      | 13,744,000    | -5.8%  | 15,095,000    | 9.8%   | 15,418,000    | 2.1%   | 15,975,000    | 3.6%   |
| Utilities/Communication                    | 676,000     | -10.5% | 763,000     | 12.9%  | 708,000     | -7.2%  | 734,000     | 3.7%   |                                      | 6,830,000     | -10.5% | 7,350,000     | 7.6%   | 7,496,000     | 2.0%   | 7,534,000     | 0.5%   |
| Restaurants                                | 650,000     | -8.5%  | 789,000     | 21.4%  | 775,000     | -1.8%  | 854,000     | 10.2%  |                                      | 5,387,000     | -8.7%  | 6,070,000     | 12.7%  | 6,401,000     | 5.5%   | 6,668,000     | 4.2%   |
| Contracting                                | 435,000     | -29.7% | 389,000     | -10.6% | 520,000     | 33.7%  | 491,000     | -5.6%  |                                      | 5,423,000     | -33.4% | 4,033,000     | -25.6% | 4,665,000     | 15.7%  | 4,507,000     | -3.4%  |
| Hotel/Motel                                | 215,000     | -1.8%  | 249,000     | 15.8%  | 228,000     | -8.4%  | 257,000     | 12.7%  |                                      | 1,172,000     | -16.5% | 1,295,000     | 10.5%  | 1,369,000     | 5.7%   | 1,378,000     | 0.7%   |
| Transient (Bed Tax)                        | 246,000     | -14.0% | 482,000     | 95.9%  | 426,000     | -11.6% | 483,000     | 13.4%  |                                      | 1,436,000     | -18.3% | 2,351,000     | 63.7%  | 2,407,000     | 2.4%   | 2,595,000     | 7.8%   |
| Amusements                                 | 165,000     | 35.2%  | 183,000     | 10.9%  | 146,000     | -20.2% | 141,000     | -3.4%  |                                      | 1,117,000     | 6.9%   | 1,265,000     | 13.2%  | 1,183,000     | -6.5%  | 1,061,000     | -10.3% |
| All Other                                  | 110,000     | -24.1% | 172,000     | 56.4%  | 112,000     | -34.9% | 160,000     | 42.9%  |                                      | 800,000       | -31.4% | 987,000       | 23.4%  | 839,000       | -15.0% | 1,167,000     | 39.1%  |
| Totals                                     | 7,989,000   | -8.1%  | 10,023,000  | 25.5%  | 10,061,000  | 0.4%   | 10,389,000  | 3.3%   |                                      | 71,448,000    | -10.2% | 79,779,000    | 11.7%  | 82,712,000    | 3.7%   | 85,781,000    | 3.7%   |
|                                            |             |        |             |        |             |        |             |        |                                      |               |        |               |        |               |        |               |        |
| Tax Revenues - Retail Activities Breakdown |             |        |             |        |             |        |             |        |                                      |               |        |               |        |               |        |               |        |
| Automotive                                 | 503,000     | -11.3% | 713,000     | 41.7%  | 728,000     | 2.1%   | 821,000     | 12.8%  |                                      | 4,685,000     | -12.3% | 5,598,000     | 19.5%  | 6,164,000     | 10.1%  | 7,057,000     | 14.5%  |
| Furniture/Equipment/Electronics            | 922,000     | -0.8%  | 908,000     | -1.5%  | 1,203,000   | 32.5%  | 1,234,000   | 2.6%   |                                      | 7,391,000     | -18.9% | 8,830,000     | 19.5%  | 9,214,000     | 4.3%   | 9,789,000     | 6.2%   |
| Department Stores                          | 707,000     | -6.0%  | 858,000     | 21.4%  | 858,000     | 0.0%   | 921,000     | 7.3%   |                                      | 6,680,000     | -8.3%  | 7,605,000     | 13.8%  | 8,055,000     | 5.9%   | 8,349,000     | 3.6%   |
| Grocery Stores                             | 489,000     | -7.7%  | 534,000     | 9.2%   | 553,000     | 3.6%   | 667,000     | 20.6%  |                                      | 4,305,000     | -6.2%  | 4,601,000     | 6.9%   | 4,777,000     | 3.8%   | 5,070,000     | 6.1%   |
| Drugs/Small Stores                         | 512,000     | 3.9%   | 511,000     | -0.2%  | 650,000     | 27.2%  | 666,000     | 2.5%   |                                      | 3,897,000     | 0.4%   | 4,382,000     | 12.4%  | 4,772,000     | 8.9%   | 4,810,000     | 0.8%   |
| Manufacturing Firms                        | 205,000     | -38.1% | 643,000     | 213.7% | 578,000     | -10.1% | 467,000     | -19.2% |                                      | 2,533,000     | -14.7% | 2,607,000     | 2.9%   | 2,898,000     | 11.2%  | 2,864,000     | -1.2%  |
| Building Supply Stores                     | 152,000     | 32.2%  | 161,000     | 5.9%   | 187,000     | 16.1%  | 103,000     | -44.9% |                                      | 1,272,000     | -0.3%  | 1,399,000     | 10.0%  | 1,428,000     | 2.1%   | 1,337,000     | -6.4%  |
| All Other Retail                           | 495,000     | 22.2%  | 892,000     | 80.2%  | 546,000     | -38.8% | 619,000     | 13.4%  |                                      | 4,776,000     | 38.8%  | 6,311,000     | 32.1%  | 5,626,000     | -10.9% | 5,620,000     | -0.1%  |
| Totals                                     | 3,985,000   | -3.3%  | 5,220,000   | 31.0%  | 5,303,000   | 1.6%   | 5,498,000   | 3.7%   |                                      | 35,539,000    | -6.2%  | 41,333,000    | 16.3%  | 42,934,000    | 3.9%   | 44,896,000    | 4.6%   |
|                                            |             |        |             |        |             |        |             |        |                                      |               |        |               |        |               |        |               |        |
| Tax Revenues - Business Districts          |             |        |             |        |             |        |             |        |                                      |               |        |               |        |               |        |               |        |
| Elliot Corridor                            | 917,000     | -16.5% | 1,118,000   | 21.9%  | 1,201,000   | 7.4%   | 1,447,000   | 20.5%  |                                      | 8,631,000     | -11.5% | 10,193,000    | 18.1%  | 10,480,000    | 2.8%   | 12,206,000    | 16.5%  |
| Autoplex (included in Elliot Corridor)     | 324,000     | -17.3% | 455,000     | 40.4%  | 481,000     | 5.7%   | 611,000     | 27.0%  |                                      | 3,064,000     | -16.3% | 3,680,000     | 20.1%  | 4,092,000     | 11.2%  | 4,959,000     | 21.2%  |
| Market Place                               | 324,000     | -9.0%  | 362,000     | 11.7%  | 376,000     | 3.9%   | 455,000     | 21.0%  |                                      | 3,079,000     | -2.6%  | 3,412,000     | 10.8%  | 3,599,000     | 5.5%   | 3,869,000     | 7.5%   |
| Mills Mall                                 | 383,000     | -4.0%  | 473,000     | 23.5%  | 417,000     | -11.8% | 471,000     | 12.9%  |                                      | 3,545,000     | -8.1%  | 4,148,000     | 17.0%  | 4,330,000     | 4.4%   | 4,355,000     | 0.6%   |
| Downtown Tempe                             | 261,000     | -18.9% | 325,000     | 24.5%  | 323,000     | -0.6%  | 343,000     | 6.2%   |                                      | 1,829,000     | -13.1% | 2,080,000     | 13.7%  | 2,388,000     | 14.8%  | 2,427,000     | 1.6%   |
| Apache Blvd.                               | 154,000     | -21.4% | 227,000     | 47.4%  | 179,000     | -21.1% | 216,000     | 20.7%  |                                      | 1,289,000     | -6.5%  | 1,505,000     | 16.8%  | 1,419,000     | -5.7%  | 1,490,000     | 5.0%   |
| ASU Properties                             | 85,000      | -4.5%  | 189,000     | 122.4% | 277,000     | 46.6%  | 262,000     | -5.4%  |                                      | 793,000       | -21.3% | 1,159,000     | 46.2%  | 1,413,000     | 21.9%  | 1,502,000     | 6.3%   |
| Rio Salado (1.8% and 3.0% Bed Tax)         | 170,000     | 3.7%   | 267,000     | 57.1%  | 302,000     | 13.1%  | 280,000     | -7.3%  |                                      | 1,601,000     | 4.9%   | 1,921,000     | 20.0%  | 1,990,000     | 3.6%   | 1,873,000     | -5.9%  |
| All Other Areas                            | 5,695,000   | -6.2%  | 7,062,000   | 24.0%  | 6,986,000   | -1.1%  | 6,915,000   | -1.0%  |                                      | 50,681,000    | -10.7% | 55,361,000    | 9.2%   | 57,093,000    | 3.1%   | 58,059,000    | 1.7%   |

**Privilege Tax Revenue - General Fund (1.2%)**  
**Year-to-Date Comparison - February**

**Monthly Amounts**

|              | <b>2009-10</b>    | <b>%</b>     | <b>2010-11</b>    | <b>%</b>    | <b>2011-12</b>    | <b>%</b>    | <b>2012-13</b>    | <b>%</b> |
|--------------|-------------------|--------------|-------------------|-------------|-------------------|-------------|-------------------|----------|
| <b>Jul</b>   | 5,836,000         | -11.1%       | 5,689,000         | -2.5%       | 6,009,000         | 5.6%        | 6,280,000         | 4.5%     |
| <b>Aug</b>   | 5,565,000         | -7.9%        | 5,352,000         | -3.8%       | 5,675,000         | 6.0%        | 5,808,000         | 2.3%     |
| <b>Sep</b>   | 5,431,000         | -9.7%        | 5,703,000         | 5.0%        | 5,804,000         | 1.8%        | 6,003,000         | 3.4%     |
| <b>Oct</b>   | 5,611,000         | -11.5%       | 5,762,000         | 2.7%        | 6,174,000         | 7.2%        | 6,331,000         | 2.6%     |
| <b>Nov</b>   | 5,166,000         | -14.0%       | 5,301,000         | 2.6%        | 5,828,000         | 9.9%        | 5,883,000         | 0.9%     |
| <b>Dec</b>   | 5,185,000         | -13.9%       | 5,379,000         | 3.7%        | 5,602,000         | 4.1%        | 5,711,000         | 1.9%     |
| <b>Jan</b>   | 6,939,000         | -2.3%        | 6,757,000         | -2.6%       | 6,370,000         | -5.7%       | 6,943,000         | 9.0%     |
| <b>Feb</b>   | 4,937,000         | -7.7%        | 5,617,000         | 13.8%       | 5,680,000         | 1.1%        | 5,815,000         | 2.4%     |
| <b>Mar</b>   | 5,162,000         | 0.1%         | 5,302,000         | 2.7%        | 6,108,000         | 15.2%       |                   |          |
| <b>Apr</b>   | 6,091,000         | -5.0%        | 6,337,000         | 4.0%        | 5,992,000         | -5.4%       |                   |          |
| <b>May</b>   | 5,225,000         | -2.9%        | 5,784,000         | 10.7%       | 6,253,000         | 8.1%        |                   |          |
| <b>Jun</b>   | 5,334,000         | -3.1%        | 5,439,000         | 2.0%        | 5,793,000         | 6.5%        |                   |          |
| <b>Total</b> | <u>66,482,000</u> | <u>-7.5%</u> | <u>68,422,000</u> | <u>2.9%</u> | <u>71,288,000</u> | <u>4.2%</u> | <u>48,774,000</u> |          |

**Cumulative Amounts**

|                | <b>2009-10</b> | <b>%</b> | <b>2010-11</b> | <b>%</b> | <b>2011-12</b> | <b>%</b> | <b>2012-13</b> | <b>%</b> |
|----------------|----------------|----------|----------------|----------|----------------|----------|----------------|----------|
| <b>Jul</b>     | 5,836,000      | -11.1%   | 5,689,000      | -2.5%    | 6,009,000      | 5.6%     | 6,279,000      | 4.5%     |
| <b>Jul-Aug</b> | 11,401,000     | -9.6%    | 11,041,000     | -3.2%    | 11,684,000     | 5.8%     | 12,087,000     | 3.4%     |
| <b>Jul-Sep</b> | 16,833,000     | -9.6%    | 16,744,000     | -0.5%    | 17,488,000     | 4.4%     | 18,090,000     | 3.4%     |
| <b>Jul-Oct</b> | 22,444,000     | -10.1%   | 22,506,000     | 0.3%     | 23,662,000     | 5.1%     | 24,422,000     | 3.2%     |
| <b>Jul-Nov</b> | 27,610,000     | -10.8%   | 27,807,000     | 0.7%     | 29,490,000     | 6.1%     | 30,305,000     | 2.8%     |
| <b>Jul-Dec</b> | 32,795,000     | -11.3%   | 33,186,000     | 1.2%     | 35,092,000     | 5.7%     | 36,016,000     | 2.6%     |
| <b>Jul-Jan</b> | 39,734,000     | -9.9%    | 39,943,000     | 0.5%     | 41,462,000     | 3.8%     | 42,959,000     | 3.6%     |
| <b>Jul-Feb</b> | 44,671,000     | -9.7%    | 45,560,000     | 2.0%     | 47,142,000     | 3.5%     | 48,774,000     | 3.5%     |
| <b>Jul-Mar</b> | 49,833,000     | -8.7%    | 50,862,000     | 2.1%     | 53,250,000     | 4.7%     |                |          |
| <b>Jul-Apr</b> | 55,924,000     | -8.3%    | 57,199,000     | 2.3%     | 59,242,000     | 3.6%     |                |          |
| <b>Jul-May</b> | 61,149,000     | -7.9%    | 62,983,000     | 3.0%     | 65,495,000     | 4.0%     |                |          |
| <b>Jul-Jun</b> | 66,483,000     | -7.5%    | 68,422,000     | 2.9%     | 71,288,000     | 4.2%     |                |          |

This schedule presents General Fund privilege tax revenues (1.2%) reported in the City of Tempe for the past four fiscal years. These revenues do not include amounts transferred to the Transit, Performing Arts, and Tax Rebates funds. The percentages shown to the right of each amount reflect the percentage increase or decrease of that amount when compared to the applicable amount for the preceding year.

# Temporary Privilege Tax Revenue - General Fund

## Year-to-Date Comparison - February

### Monthly Amounts

|               | <u>2009-10</u> | <u>%</u> | <u>2010-11</u> | <u>%</u> | <u>2011-12</u> | <u>%</u> | <u>2012-13</u> | <u>%</u> |
|---------------|----------------|----------|----------------|----------|----------------|----------|----------------|----------|
| <b>Jul</b>    |                |          | -              | -        | 874,000        |          | 934,000        | 6.9%     |
| <b>Aug</b>    |                |          | 784,000        |          | 847,000        | 8.0%     | 868,000        | 2.5%     |
| <b>Sep</b>    |                |          | 823,000        |          | 854,000        | 3.8%     | 892,000        | 4.4%     |
| <b>Oct</b>    |                |          | 847,000        |          | 876,000        | 7.2%     | 928,000        | 5.9%     |
| <b>Nov</b>    |                |          | 801,000        |          | 870,000        | 8.6%     | 865,000        | -0.6%    |
| <b>Dec</b>    |                |          | 799,000        |          | 838,000        | 4.9%     | 853,000        | 1.8%     |
| <b>Jan</b>    |                |          | 1,003,000      |          | 961,000        | -4.2%    | 1,025,000      | 6.7%     |
| <b>Feb</b>    |                |          | 850,000        |          | 844,000        | -0.7%    | 861,000        | 2.0%     |
| <b>Mar</b>    |                |          | 796,000        |          | 910,000        | 14.3%    |                |          |
| <b>Apr</b>    |                |          | 934,000        |          | 897,000        | -4.0%    |                |          |
| <b>May</b>    |                |          | 861,000        |          | 922,000        | 7.1%     |                |          |
| <b>Jun</b>    |                |          | 827,000        |          | 868,000        | 5.0%     |                |          |
| <b>Totals</b> |                |          | 9,325,000      |          | 10,561,000     | 13.3%    | 7,226,000      |          |

### Cumulative Amounts

|                | <u>2009-10</u> | <u>%</u> | <u>2010-11</u> | <u>%</u> | <u>2011-12</u> | <u>%</u> | <u>2012-13</u> | <u>%</u> |
|----------------|----------------|----------|----------------|----------|----------------|----------|----------------|----------|
| <b>Jul</b>     |                |          | -              |          | 874,000        |          | 934,000        | 6.9%     |
| <b>Jul-Aug</b> |                |          | 784,000        |          | 1,721,000      | 119.5%   | 1,802,000      | 4.7%     |
| <b>Jul-Sep</b> |                |          | 1,607,000      |          | 2,575,000      | 60.2%    | 2,694,000      | 4.6%     |
| <b>Jul-Oct</b> |                |          | 2,454,000      |          | 3,451,000      | 40.6%    | 3,622,000      | 5.0%     |
| <b>Jul-Nov</b> |                |          | 3,255,000      |          | 4,321,000      | 32.7%    | 4,487,000      | 3.8%     |
| <b>Jul-Dec</b> |                |          | 4,054,000      |          | 5,159,000      | 27.3%    | 5,340,000      | 3.5%     |
| <b>Jul-Jan</b> |                |          | 5,057,000      |          | 6,120,000      | 21.0%    | 6,365,000      | 4.0%     |
| <b>Jul-Feb</b> |                |          | 5,907,000      |          | 6,964,000      | 17.9%    | 7,226,000      | 3.8%     |
| <b>Jul-Mar</b> |                |          | 6,703,000      |          | 7,874,000      | 17.5%    |                |          |
| <b>Jul-Apr</b> |                |          | 7,637,000      |          | 8,771,000      | 14.8%    |                |          |
| <b>Jul-May</b> |                |          | 8,498,000      |          | 9,693,000      | 14.1%    |                |          |
| <b>Jul-Jun</b> |                |          | 9,325,000      |          | 10,561,000     | 13.3%    |                |          |