

Memorandum



Finance and Technology Department

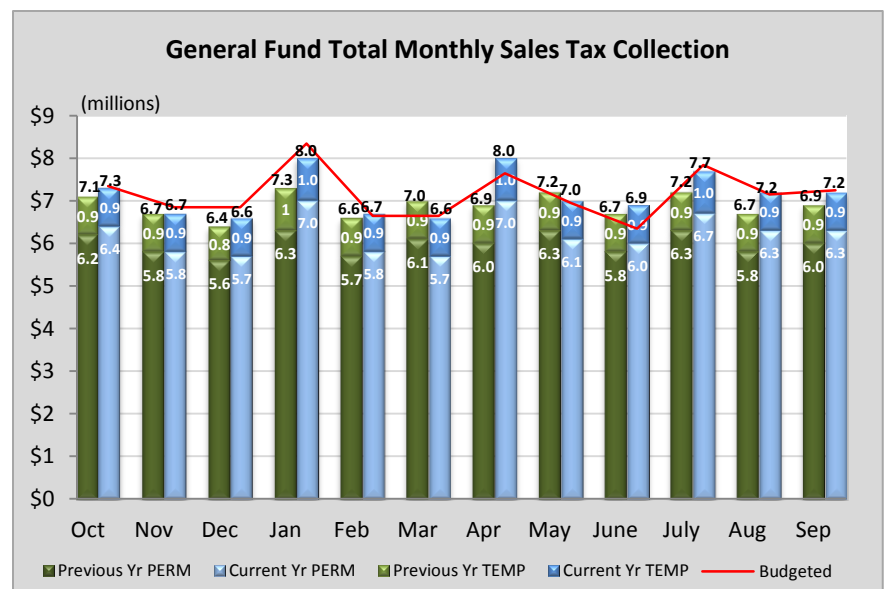
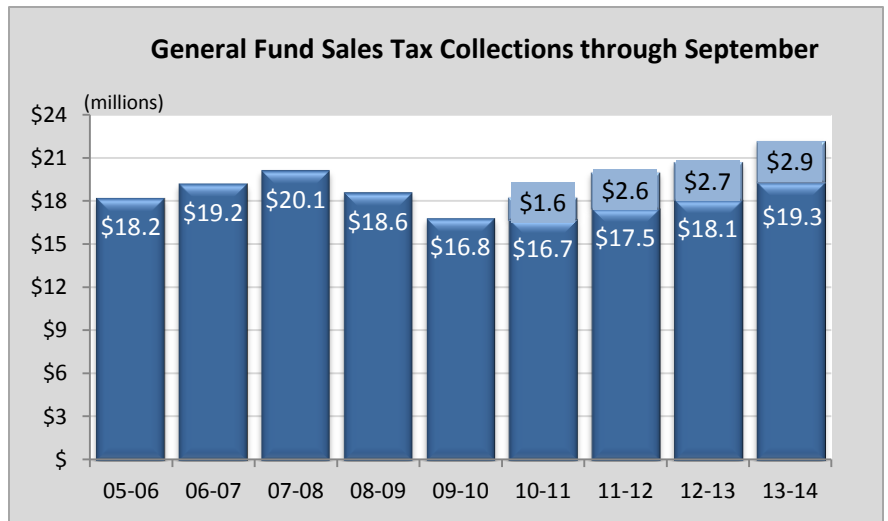
Date: October 11, 2013
To: Mayor and Council
From: Ken Jones, Finance and Technology Director (350-8504)
Subject: Tax Revenue Statistical Report – **September 2013**

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

The graph to the right depicts year-to-date General Fund historical privilege tax revenue from FY 2005-06 through FY 2013-14. General Fund Sales Tax revenue collected for 2013-14 is up 6.8% from the same period in the prior fiscal year. In terms of actual dollars received (\$22.2 million), we are \$1.4 million ahead of last fiscal year (\$20.8 million). Of the total amount collected through September, \$2.9 million was from the temporary sales tax, which expires June 30, 2014.

Although this is positive news, the 6.8% increase in General Fund privilege tax revenue more reflects how deep the recession was than a swift recovery. Arizona's economy is recovering more slowly than the nation as a whole, and is not expected to catch up until the beginning of 2014. The leading category of growth in terms of dollars received was Retail, which grew by 8.0%. When further analyzing Retail activity, the Furniture/Equipment/ Electronics sector jumped by 26.0% year-to-date because of an increase in taxable sales of software.

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 in the General Fund are 0.5%, or \$91 thousand above forecast through September.

Executive Summary

Year-to-Date Comparison - September

	2010-11	Change	2011-12	Change	2012-13	Change	2013-14	Change
Taxable Sales								
Total Taxable Sales	1,500,327,000	0.7%	1,524,120,000	1.6%	1,575,376,000	3.4%	1,673,844,000	6.3%
Retail Taxable Sales	757,913,000	8.2%	755,304,000	-0.3%	807,044,000	6.9%	864,372,000	7.1%
Tax Revenues by Funds								
Privilege Tax - General Fund (1.2%)	16,743,000	-0.5%	17,487,000	4.4%	18,090,000	3.4%	19,335,000	6.9%
Temporary Privilege Tax (.2%)	1,606,000		2,574,000	60.3%	2,694,000	4.7%	2,859,000	6.1%
Transit Tax Fund (.5%)	6,984,000	-0.5%	7,295,000	4.5%	7,545,000	3.4%	8,066,000	6.9%
Arts Tax Fund (.1%)	1,441,000	-0.3%	1,505,000	4.4%	1,555,000	3.3%	1,662,000	6.9%
Privilege Tax - Rebates Fund	1,163,000	14.2%	902,000	-22.4%	907,000	0.6%	950,000	4.7%
Bed Tax Fund	560,000	40.4%	699,000	24.8%	699,000	0.0%	828,000	18.5%
Totals	28,497,000	6.7%	30,462,000	6.9%	31,490,000	3.4%	33,700,000	7.0%

Tax Revenues - Business Activities								
Retail	14,507,000	12.5%	15,622,000	7.7%	16,536,000	5.9%	17,863,000	8.0%
Rentals	5,415,000	5.5%	5,644,000	4.2%	5,880,000	4.2%	5,949,000	1.2%
Utilities/Communication	3,172,000	6.6%	3,191,000	0.6%	3,235,000	1.4%	3,338,000	3.2%
Restaurants	2,059,000	7.7%	2,284,000	10.9%	2,307,000	1.0%	2,534,000	9.8%
Contracting	1,652,000	-31.3%	1,869,000	13.1%	1,676,000	-10.3%	1,970,000	17.5%
Hotel/Motel	343,000	12.5%	403,000	17.5%	391,000	-3.0%	436,000	11.5%
Transient (Bed Tax)	561,000	40.3%	698,000	24.4%	698,000	0.0%	829,000	18.8%
Amusements	462,000	13.5%	454,000	-1.7%	404,000	-11.0%	447,000	10.6%
All Other	326,000	14.0%	297,000	-8.9%	363,000	22.2%	334,000	-8.0%
Totals	28,497,000	6.7%	30,462,000	6.9%	31,490,000	3.4%	33,700,000	7.0%

Tax Revenues - Retail Activities Breakdown								
Automotive	2,045,000	2.3%	2,334,000	14.1%	2,635,000	12.9%	2,869,000	8.9%
Furniture/Equipment/Electronics	3,298,000	32.2%	3,293,000	-0.2%	3,688,000	12.0%	4,646,000	26.0%
Department Stores	2,651,000	12.3%	2,939,000	10.9%	3,086,000	5.0%	2,993,000	-3.0%
Grocery Stores	1,564,000	7.1%	1,701,000	8.8%	1,694,000	-0.4%	1,825,000	7.7%
Drugs/Small Stores	1,560,000	17.6%	1,695,000	8.7%	1,698,000	0.2%	1,807,000	6.4%
Manufacturing Firms	769,000	-24.9%	1,013,000	31.7%	993,000	-2.0%	796,000	-19.8%
Building Supply Stores	536,000	12.6%	535,000	-0.2%	525,000	-1.9%	567,000	8.0%
All Other Retail	2,084,000	18.6%	2,112,000	1.3%	2,217,000	5.0%	2,360,000	6.5%
Totals	14,507,000	12.5%	15,622,000	7.7%	16,536,000	5.9%	17,863,000	8.0%

Tax Revenues - Business Districts								
Elliot Corridor	3,760,000	9.2%	3,827,000	1.8%	4,601,000	20.2%	5,078,000	10.4%
Autoplex (included in Elliot Corridor)	1,351,000	1.3%	1,515,000	12.1%	1,821,000	20.2%	1,981,000	8.8%
Market Place	1,197,000	10.7%	1,241,000	3.7%	1,339,000	7.9%	1,389,000	3.7%
Mills Mall	1,465,000	16.0%	1,619,000	10.5%	1,618,000	-0.1%	1,562,000	-3.5%
Downtown Tempe	625,000	8.7%	726,000	16.2%	748,000	3.0%	872,000	16.6%
Apache Blvd.	515,000	16.8%	539,000	4.7%	534,000	-0.9%	612,000	14.6%
ASU Properties	342,000	40.7%	407,000	19.0%	487,000	19.7%	583,000	19.7%
Rio Salado	628,000	1.3%	717,000	14.2%	629,000	-12.3%	735,000	16.9%
All Other Areas	19,965,000	4.8%	21,386,000	7.1%	21,534,000	0.7%	22,869,000	6.2%

Privilege Tax Revenue - General Fund (1.2%)
2013-14 Actual Compared to Budget

Monthly Amounts

	2013-14 Budget		2013-14 Actual	Over(Under)	
	Percent	Amount		Amount	Percent
Jul	8.5%	6,558,000	6,742,000	184,000	2.8%
Aug	8.0%	6,172,000	6,314,000	142,000	2.3%
Sep	8.1%	6,250,000	6,279,000	29,000	0.5%
Oct	8.5%	6,558,000			
Nov	7.9%	6,095,000			
Dec	7.8%	6,018,000			
Jan	9.7%	7,484,000			
Feb	7.9%	6,095,000			
Mar	8.0%	6,172,000			
Apr	9.1%	7,021,000			
May	8.4%	6,481,000			
Jun	8.1%	6,252,000			
Totals	100.0%	77,156,000	19,335,000	355,000	

Cumulative Amounts

	2013-14 Budget		2013-14 Actual	Over(Under)	
	Percent	Amount		Amount	Percent
Jul	8.5%	6,558,000	6,742,000	184,000	2.8%
Jul-Aug	16.5%	12,730,000	13,056,000	326,000	2.6%
Jul-Sep	24.6%	18,980,000	19,335,000	355,000	1.9%
Jul-Oct	33.1%	25,538,000			
Jul-Nov	41.0%	31,633,000			
Jul-Dec	48.8%	37,651,000			
Jul-Jan	58.5%	45,135,000			
Jul-Feb	66.4%	51,230,000			
Jul-Mar	74.4%	57,402,000			
Jul-Apr	83.5%	64,423,000			
Jul-May	91.9%	70,904,000			
Jul-Jun	100.0%	77,156,000			

Tax and License Annual Privilege Tax Revenue Projections

Method	Privilege Tax		Overage/Shortage	
	Projected	Budgeted	Amount	Percent
Percent of Increase	78,612,000	77,156,000	1,456,000	1.9%
Percentage Received	78,598,000	77,156,000	1,442,000	1.9%

Temporary Privilege Tax Revenue - General Fund

Year-to-Date Comparison - September

Monthly Amounts

	2013-14 Budget		2013-14 Actual	Over(Under)	
	Percent	Amount		Amount	Percent
Jul	8.5%	971,000	1,001,000	30,000	3.1%
Aug	8.0%	914,000	942,000	28,000	3.1%
Sep	8.1%	926,000	916,000	(10,000)	-1.1%
Oct	8.5%	971,000			
Nov	7.9%	903,000			
Dec	7.8%	891,000			
Jan	9.7%	1,108,000			
Feb	7.9%	903,000			
Mar	8.0%	914,000			
Apr	9.1%	1,040,000			
May	8.4%	960,000			
Jun	8.1%	925,000			
Totals	100.0%	11,426,000	2,859,000	48,000	

Cumulative Amounts

	2013-14 Budget		2013-14 Actual	Over(Under)	
	Percent	Amount		Amount	Percent
Jul	8.5%	971,000	1,001,000	30,000	3.1%
Jul-Aug	16.5%	1,885,000	1,943,000	58,000	3.1%
Jul-Sep	24.6%	2,811,000	2,859,000	48,000	1.7%
Jul-Oct	33.1%	3,782,000			
Jul-Nov	41.0%	4,685,000			
Jul-Dec	48.8%	5,576,000			
Jul-Jan	58.5%	6,684,000			
Jul-Feb	66.4%	7,587,000			
Jul-Mar	74.3%	8,501,000			
Jul-Apr	83.4%	9,541,000			
Jul-May	91.8%	10,501,000			
Jul-Jun	100.0%	11,426,000			

Tax and License Annual Privilege Tax Revenue Projections

Method	Privilege Tax		Overage/Shortage	
	Projected	Budgeted	Amount	Percent
Percentage Increase	11,588,000	11,426,000	162,000	1.4%
Percentage Received	11,622,000	11,426,000	196,000	1.7%