

Memorandum

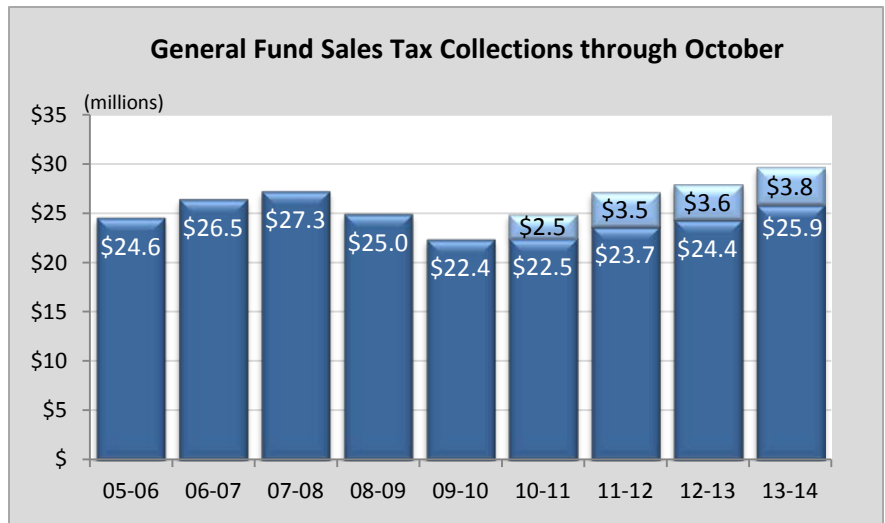


Finance and Technology Department

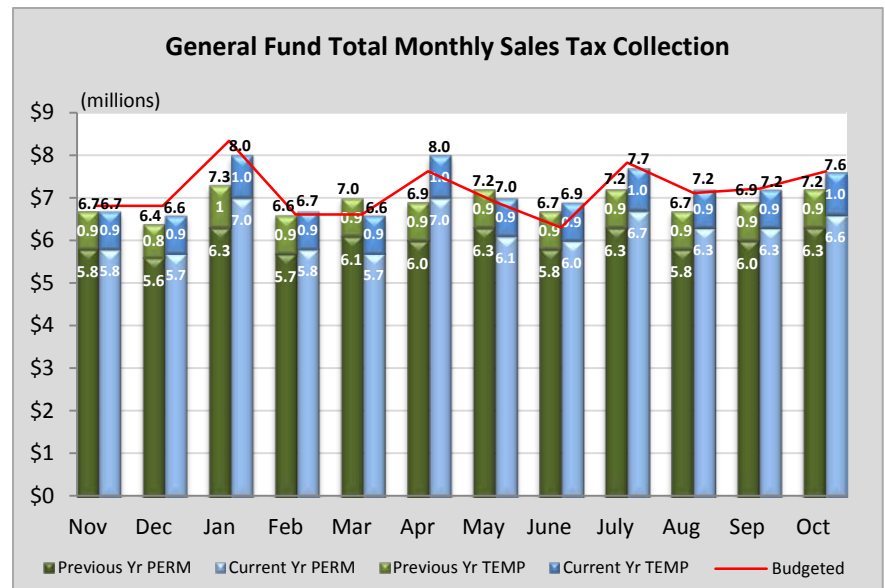
Date: November 15, 2013
 To: Mayor and Council
 From: Ken Jones, Finance and Technology Director (350-8504)
 Subject: Tax Revenue Statistical Report – **October 2013**

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

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 5.9% from the same period in the prior fiscal year. In terms of actual dollars received (\$29.7 million), we are \$1.7 million ahead of last fiscal year (\$28.0 million). Of the total amount collected through October, \$3.8 million was from the temporary sales tax, which expires June 30, 2014. Although this is positive news, the 5.9% 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 6.5%. When further analyzing Retail activity, the Furniture/Equipment/Electronics sector increased by 20.8% year-to-date because of earlier fiscal year 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 0.3%, or \$66 thousand above forecast through October.

Executive Summary

	Current Month -October								Fiscal Year to Date through October							
	2010-11	Change	2011-12	Change	2012-13	Change	2013-14	Change	2010-11	Change	2011-12	Change	2012-13	Change	2013-14	Change
Taxable Sales																
Total Taxable Sales	508,179,000	2.6%	530,789,000	4.4%	561,030,000	5.7%	574,354,000	2.4%	2,008,506,000	1.2%	2,054,909,000	2.3%	2,136,406,000	4.0%	2,248,198,000	5.2%
Retail Taxable Sales	245,101,000	9.7%	246,113,000	0.4%	281,636,000	14.4%	279,765,000	-0.7%	1,003,014,000	8.5%	1,001,417,000	-0.2%	1,088,680,000	8.7%	1,144,137,000	5.1%
Tax Revenues by Funds																
Privilege Tax - General Fund (1.2%)	5,762,000	2.7%	6,175,000	7.2%	6,333,000	2.6%	6,552,000	3.5%	22,505,000	0.3%	23,662,000	5.1%	24,423,000	3.2%	25,887,000	6.0%
Temporary Privilege Tax - General Fund	847,000		876,000	3.4%	927,000	5.8%	963,000	3.9%	2,453,000		3,450,000	40.6%	3,621,000	5.0%	3,822,000	5.6%
Transit Tax Fund (.5%)	2,401,000	2.7%	2,573,000	7.2%	2,641,000	2.6%	2,732,000	3.4%	9,385,000	0.3%	9,868,000	5.1%	10,186,000	3.2%	10,798,000	6.0%
Arts Tax Fund (.1%)	494,000	2.5%	530,000	7.3%	544,000	2.6%	563,000	3.5%	1,935,000	0.4%	2,035,000	5.2%	2,099,000	3.1%	2,225,000	6.0%
Privilege Tax - Rebates Fund	368,000	11.5%	293,000	-20.4%	305,000	4.1%	337,000	10.5%	1,531,000	13.6%	1,195,000	-21.9%	1,212,000	1.4%	1,287,000	6.2%
Bed Tax Fund	278,000	86.6%	224,000	-19.4%	289,000	29.0%	339,000	17.3%	838,000	52.9%	923,000	10.1%	988,000	7.0%	1,167,000	18.1%
Totals	10,150,000	13.9%	10,671,000	5.1%	11,039,000	3.4%	11,486,000	4.0%	38,647,000	8.5%	41,133,000	6.4%	42,529,000	3.4%	45,186,000	6.2%
Tax Revenues - Business Activities																
Retail	4,923,000	17.3%	5,069,000	3.0%	5,588,000	10.2%	5,701,000	2.0%	19,430,000	13.7%	20,691,000	6.5%	22,124,000	6.9%	23,564,000	6.5%
Rentals	2,022,000	11.4%	2,171,000	7.4%	2,100,000	-3.3%	2,212,000	5.3%	7,437,000	7.1%	7,815,000	5.1%	7,980,000	2.1%	8,161,000	2.3%
Utilities/Communication	1,059,000	13.1%	1,080,000	2.0%	1,059,000	-1.9%	1,112,000	5.0%	4,231,000	8.2%	4,271,000	0.9%	4,294,000	0.5%	4,450,000	3.6%
Restaurants	777,000	12.6%	767,000	-1.3%	849,000	10.7%	930,000	9.5%	2,836,000	9.0%	3,051,000	7.6%	3,156,000	3.4%	3,464,000	9.8%
Contracting	604,000	-17.6%	962,000	59.3%	710,000	-26.2%	745,000	4.9%	2,256,000	-28.1%	2,831,000	25.5%	2,386,000	-15.7%	2,715,000	13.8%
Hotel/Motel	150,000	13.6%	134,000	-10.7%	157,000	17.2%	177,000	12.7%	493,000	12.8%	537,000	8.9%	548,000	2.0%	613,000	11.9%
Transient (Bed Tax)	278,000	86.6%	224,000	-19.4%	289,000	29.0%	339,000	17.3%	839,000	52.8%	922,000	9.9%	987,000	7.0%	1,168,000	18.3%
Amusements	166,000	7.8%	155,000	-6.6%	126,000	-18.7%	132,000	4.8%	628,000	11.9%	609,000	-3.0%	530,000	-13.0%	579,000	9.2%
All Other	171,000	62.9%	109,000	-36.3%	161,000	47.7%	138,000	-14.3%	497,000	27.1%	406,000	-18.3%	524,000	29.1%	472,000	-9.9%
Totals	10,150,000	13.9%	10,671,000	5.1%	11,039,000	3.4%	11,486,000	4.0%	38,647,000	8.5%	41,133,000	6.4%	42,529,000	3.4%	45,186,000	6.2%
Tax Revenues - Retail Activities Breakdown																
Automotive	670,000	30.1%	710,000	6.0%	930,000	31.0%	954,000	2.6%	2,715,000	8.0%	3,044,000	12.1%	3,565,000	17.1%	3,823,000	7.2%
Furniture/Equipment/Electronics	1,009,000	28.5%	1,082,000	7.2%	1,199,000	10.8%	1,257,000	4.8%	4,307,000	31.3%	4,375,000	1.6%	4,887,000	11.7%	5,903,000	20.8%
Department Stores	826,000	9.5%	879,000	6.4%	916,000	4.2%	903,000	-1.4%	3,477,000	11.7%	3,818,000	9.8%	4,002,000	4.8%	3,896,000	-2.6%
Grocery Stores	575,000	6.1%	582,000	1.2%	640,000	10.0%	642,000	0.3%	2,139,000	6.8%	2,283,000	6.7%	2,334,000	2.2%	2,467,000	5.7%
Drugs/Small Stores	564,000	18.0%	537,000	-4.8%	599,000	11.5%	608,000	1.5%	2,124,000	17.7%	2,232,000	5.1%	2,297,000	2.9%	2,415,000	5.1%
Manufacturing Firms	304,000	13.4%	335,000	10.2%	354,000	5.7%	299,000	-15.5%	1,073,000	-17.0%	1,348,000	25.6%	1,347,000	-0.1%	1,095,000	-18.7%
Building Supply Stores	167,000	-4.0%	174,000	4.2%	183,000	5.2%	200,000	9.3%	703,000	8.2%	709,000	0.9%	708,000	-0.1%	767,000	8.3%
All Other Retail	808,000	19.2%	770,000	-4.7%	767,000	-0.4%	838,000	9.3%	2,892,000	18.8%	2,882,000	-0.3%	2,984,000	3.5%	3,198,000	7.2%
Totals	4,923,000	17.4%	5,069,000	3.0%	5,588,000	10.2%	5,701,000	2.0%	19,430,000	13.7%	20,691,000	6.5%	22,124,000	6.9%	23,564,000	6.5%
Tax Revenues - Business Districts																
Elliot Corridor	1,181,000	27.3%	1,195,000	1.2%	1,524,000	27.5%	1,495,000	-1.9%	4,941,000	13.1%	5,022,000	1.6%	6,125,000	22.0%	6,573,000	7.3%
Autoplex (included in Elliot Corridor)	425,000	32.0%	440,000	3.5%	660,000	50.0%	666,000	0.9%	1,776,000	7.2%	1,955,000	10.1%	2,481,000	26.9%	2,647,000	6.7%
Market Place	391,000	11.7%	427,000	9.2%	429,000	0.5%	486,000	13.3%	1,588,000	11.0%	1,668,000	5.0%	1,768,000	6.0%	1,875,000	6.1%
Mills Mall	434,000	20.9%	446,000	2.8%	459,000	2.9%	467,000	1.7%	1,899,000	17.1%	2,065,000	8.7%	2,077,000	0.6%	2,029,000	-2.3%
Downtown Tempe	260,000	17.1%	213,000	-18.1%	281,000	31.9%	359,000	27.8%	885,000	11.0%	939,000	6.1%	1,029,000	9.6%	1,231,000	19.6%
Apache Blvd.	192,000	26.3%	178,000	-7.3%	181,000	1.7%	232,000	28.2%	707,000	19.2%	717,000	1.4%	715,000	-0.3%	844,000	18.0%
ASU Properties	175,000	41.1%	187,000	6.9%	187,000	0.0%	225,000	20.3%	517,000	40.9%	594,000	14.9%	674,000	13.5%	808,000	19.9%
Rio Salado (1.8% and 3.0% Bed Tax)	323,000	68.2%	285,000	-11.8%	256,000	-10.2%	246,000	-3.9%	951,000	17.1%	1,002,000	5.4%	885,000	-11.7%	981,000	10.8%
All Other Areas	7,194,000	9.3%	7,740,000	7.6%	7,722,000	-0.2%	7,976,000	3.3%	27,159,000	5.9%	29,126,000	7.2%	29,256,000	0.4%	30,845,000	5.4%

**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	6,552,000	(6,000)	-0.1%
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	25,887,000	349,000	

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	25,887,000	349,000	1.4%
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	77,960,000	77,156,000	804,000	1.0%
Percentage Received	78,208,000	77,156,000	1,052,000	1.4%

**Temporary Privilege Tax Revenue - General Fund
Year-to-Date Comparison - October**

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	943,000	29,000	3.2%
Sep	8.1%	926,000	916,000	(10,000)	-1.1%
Oct	8.5%	971,000	962,000	(9,000)	-0.9%
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	3,822,000	40,000	

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	1,944,000	59,000	3.1%
Jul-Sep	24.6%	2,811,000	2,860,000	49,000	1.7%
Jul-Oct	33.1%	3,782,000	3,822,000	40,000	1.1%
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	11,524,000	11,426,000	98,000	0.9%
Percentage Received	11,547,000	11,426,000	121,000	1.1%