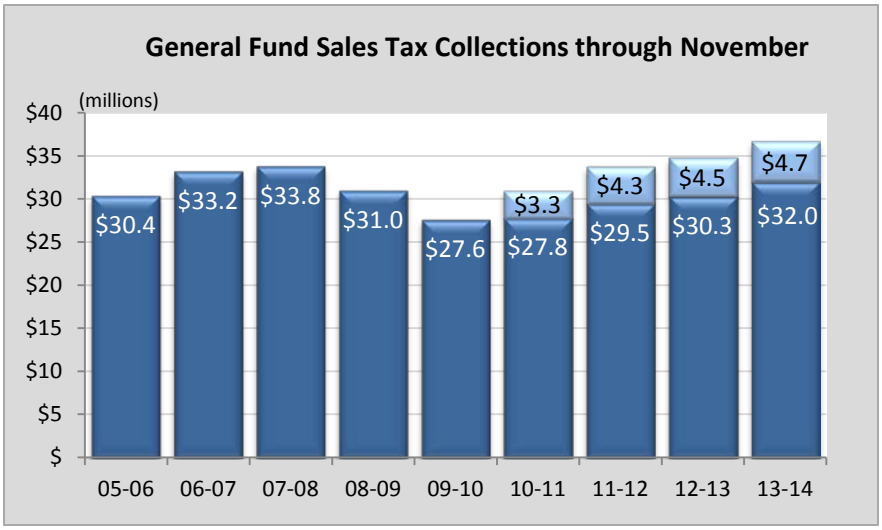
Memorandum

Finance and Technology Department

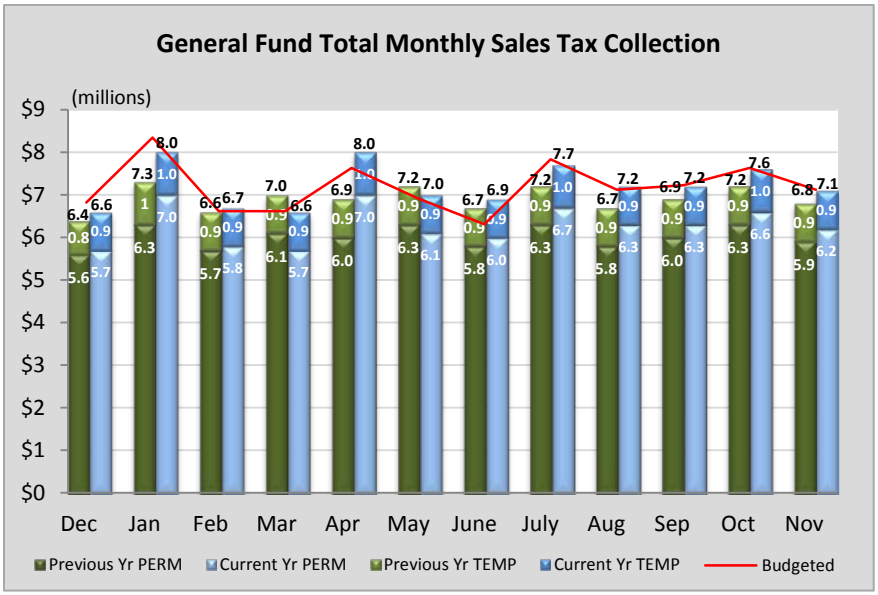
Date: December 15, 2013
To: Mayor and Council
From: Ken Jones, Finance and Technology Director (350-8504)
Subject: Tax Revenue Statistical Report – **November 2013**

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

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 5.7% from the same period in the prior fiscal year. In terms of actual dollars received ($36.8 million), we are $2.0 million ahead of last fiscal year ($34.8 million). Of the total amount collected through November, $4.7 million was from the temporary sales tax, which expires June 30, 2014. Although this is positive news, the 5.7% 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 6.9%. When further analyzing Retail activity, the Furniture/Equipment/Electronics sector led the way with a 18.4% year-to-date increase.



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 0.2%, or $78 thousand above forecast through November.

Executive Summary

	Current Month -November								Fiscal Year to Date through November							
	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	473,251,000	3.0%	507,784,000	7.3%	503,970,000	-0.8%	533,793,000	5.9%	2,481,757,000	1.5%	2,562,693,000	3.3%	2,640,376,000	3.0%	2,781,991,000	5.4%
Retail Taxable Sales	232,510,000	5.7%	249,120,000	7.1%	242,094,000	-2.8%	269,013,000	11.1%	1,235,524,000	8.0%	1,250,537,000	1.2%	1,330,774,000	6.4%	1,413,150,000	6.2%
Tax Revenues by Funds																
Privilege Tax - General Fund (1.2%)	5,301,000	2.6%	5,827,000	9.9%	5,883,000	1.0%	6,152,000	4.6%	27,806,000	0.7%	29,489,000	6.1%	30,306,000	2.8%	32,039,000	5.7%
Temporary Privilege Tax - General Fund	801,000		870,000	8.6%	866,000	-0.5%	909,000	5.0%	3,254,000		4,320,000	32.8%	4,487,000	3.9%	4,731,000	5.4%
Transit Tax Fund (.5%)	2,209,000	2.6%	2,429,000	10.0%	2,453,000	1.0%	2,566,000	4.6%	11,594,000	0.7%	12,297,000	6.1%	12,639,000	2.8%	13,364,000	5.7%
Arts Tax Fund (.1%)	456,000	2.5%	499,000	9.4%	506,000	1.4%	530,000	4.7%	2,391,000	0.8%	2,534,000	6.0%	2,605,000	2.8%	2,755,000	5.8%
Privilege Tax - Rebates Fund	367,000	13.3%	261,000	-28.9%	285,000	9.2%	304,000	6.7%	1,898,000	13.5%	1,456,000	-23.3%	1,497,000	2.8%	1,591,000	6.3%
Bed Tax Fund	359,000	65.4%	393,000	9.5%	385,000	-2.0%	399,000	3.6%	1,197,000	56.5%	1,316,000	9.9%	1,373,000	4.3%	1,566,000	14.1%
Totals	9,493,000	14.3%	10,279,000	8.3%	10,378,000	1.0%	10,860,000	4.6%	48,140,000	9.6%	51,412,000	6.8%	52,907,000	2.9%	56,046,000	5.9%
Tax Revenues - Business Activities																
Retail	4,759,000	16.8%	5,041,000	5.9%	5,058,000	0.3%	5,485,000	8.4%	24,189,000	14.3%	25,732,000	6.4%	27,182,000	5.6%	29,049,000	6.9%
Rentals	1,839,000	13.8%	1,952,000	6.1%	2,074,000	6.3%	1,934,000	-6.8%	9,276,000	8.3%	9,767,000	5.3%	10,054,000	2.9%	10,095,000	0.4%
Utilities/Communication	888,000	12.7%	981,000	10.5%	921,000	-6.1%	951,000	3.3%	5,119,000	8.9%	5,252,000	2.6%	5,215,000	-0.7%	5,401,000	3.6%
Restaurants	835,000	17.6%	940,000	12.6%	872,000	-7.2%	959,000	10.0%	3,671,000	10.8%	3,991,000	8.7%	4,028,000	0.9%	4,423,000	9.8%
Contracting	381,000	-27.3%	501,000	31.5%	571,000	14.0%	601,000	5.3%	2,637,000	-28.0%	3,332,000	26.4%	2,957,000	-11.3%	3,316,000	12.1%
Hotel/Motel	194,000	16.2%	232,000	19.6%	207,000	-10.8%	234,000	13.0%	687,000	13.7%	769,000	11.9%	755,000	-1.8%	847,000	12.2%
Transient (Bed Tax)	359,000	65.4%	394,000	9.7%	386,000	-2.0%	399,000	3.4%	1,198,000	56.4%	1,316,000	9.8%	1,373,000	4.3%	1,567,000	14.1%
Amusements	135,000	12.5%	131,000	-3.0%	118,000	-9.9%	120,000	1.7%	763,000	12.0%	740,000	-3.0%	648,000	-12.4%	699,000	7.9%
All Other	103,000	18.4%	107,000	3.9%	171,000	59.8%	177,000	3.5%	600,000	25.5%	513,000	-14.5%	695,000	35.5%	649,000	-6.6%
Totals	9,493,000	14.3%	10,279,000	8.3%	10,378,000	1.0%	10,860,000	4.6%	48,140,000	9.6%	51,412,000	6.8%	52,907,000	2.9%	56,046,000	5.9%
Tax Revenues - Retail Activities Breakdown																
Automotive	691,000	35.2%	784,000	13.5%	848,000	8.2%	937,000	10.5%	3,406,000	12.6%	3,828,000	12.4%	4,413,000	15.3%	4,760,000	7.9%
Furniture/Equipment/Electronics	1,042,000	21.0%	1,045,000	0.3%	1,064,000	1.8%	1,145,000	7.6%	5,349,000	29.2%	5,420,000	1.3%	5,951,000	9.8%	7,048,000	18.4%
Department Stores	830,000	10.8%	881,000	6.1%	880,000	-0.1%	936,000	6.4%	4,307,000	11.5%	4,699,000	9.1%	4,882,000	3.9%	4,832,000	-1.0%
Grocery Stores	491,000	-4.5%	575,000	17.1%	593,000	3.1%	633,000	6.7%	2,630,000	4.5%	2,858,000	8.7%	2,927,000	2.4%	3,100,000	5.9%
Drugs/Small Stores	491,000	7.0%	555,000	13.0%	521,000	-6.1%	568,000	9.0%	2,615,000	15.6%	2,787,000	6.6%	2,818,000	1.1%	2,983,000	5.9%
Manufacturing Firms	300,000	12.4%	318,000	6.0%	308,000	-3.1%	292,000	-5.2%	1,373,000	-11.9%	1,666,000	21.3%	1,655,000	-0.7%	1,387,000	-16.2%
Building Supply Stores	195,000	10.8%	200,000	2.6%	213,000	6.5%	221,000	3.8%	898,000	8.7%	909,000	1.2%	921,000	1.3%	988,000	7.3%
All Other Retail	719,000	33.4%	683,000	-5.0%	631,000	-7.6%	753,000	19.3%	3,611,000	21.4%	3,565,000	-1.3%	3,615,000	1.4%	3,951,000	9.3%
Totals	4,759,000	16.8%	5,041,000	5.9%	5,058,000	0.3%	5,485,000	8.4%	24,189,000	14.3%	25,732,000	6.4%	27,182,000	5.6%	29,049,000	6.9%
Tax Revenues - Business Districts																
Elliot Corridor	1,267,000	27.3%	1,313,000	3.6%	1,379,000	5.0%	1,432,000	3.8%	6,208,000	15.7%	6,335,000	2.0%	7,504,000	18.5%	8,005,000	6.7%
Autoplex (included in Elliot Corridor)	462,000	41.7%	534,000	15.6%	580,000	8.6%	634,000	9.3%	2,238,000	12.9%	2,489,000	11.2%	3,061,000	23.0%	3,281,000	7.2%
Market Place	387,000	11.5%	398,000	2.8%	415,000	4.3%	438,000	5.5%	1,975,000	11.1%	2,066,000	4.6%	2,183,000	5.7%	2,313,000	6.0%
Mills Mall	444,000	22.0%	460,000	3.6%	451,000	-2.0%	455,000	0.9%	2,343,000	18.0%	2,525,000	7.8%	2,528,000	0.1%	2,484,000	-1.7%
Downtown Tempe	307,000	15.4%	401,000	30.6%	377,000	-6.0%	374,000	-0.8%	1,192,000	12.1%	1,340,000	12.4%	1,406,000	4.9%	1,605,000	14.2%
Apache Blvd.	189,000	7.4%	192,000	1.6%	181,000	-5.7%	212,000	17.1%	896,000	16.5%	909,000	1.5%	896,000	-1.4%	1,056,000	17.9%
ASU Properties	155,000	33.6%	215,000	38.7%	218,000	1.4%	205,000	-6.0%	672,000	39.1%	809,000	20.4%	892,000	10.3%	1,013,000	13.6%
Rio Salado (1.8% and 3.0% Bed Tax)	239,000	14.4%	267,000	11.7%	242,000	-9.4%	266,000	9.9%	1,190,000	16.6%	1,269,000	6.6%	1,127,000	-11.2%	1,247,000	10.6%
All Other Areas	6,505,000	11.5%	7,033,000	8.1%	7,115,000	1.2%	7,478,000	5.1%	33,664,000	7.0%	36,159,000	7.4%	36,371,000	0.6%	38,323,000	5.4%

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

Monthly Amounts

	2013-14 Budget		2013-14	Over(Under)	
	Percent	Amount	Actual	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	6,152,000	57,000	0.9%
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	32,039,000	406,000	

Cumulative Amounts

	2013-14 Budget		2013-14	Over(Under)	
	Percent	Amount	Actual	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	32,039,000	406,000	1.3%
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

	Privilege Tax		Overage/Shortage	
Method	Projected	Budgeted	Amount	Percent
Percent of Increase	77,758,000	77,156,000	602,000	0.8%
Percentage Received	78,144,000	77,156,000	988,000	1.3%

Temporary Privilege Tax Revenue - General Fund
Year-to-Date Comparison - November

Monthly Amounts

	2013-14 Budget		2013-14	Over(Under)	
	Percent	Amount	Actual	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	909,000	6,000	0.7%
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	4,731,000	46,000	

Cumulative Amounts

	2013-14 Budget		2013-14	Over(Under)	
	Percent	Amount	Actual	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	4,731,000	46,000	1.0%
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

	Privilege Tax		Overage/Shortage	
Method	Projected	Budgeted	Amount	Percent
Percentage Increase	11,513,000	11,426,000	87,000	0.8%
Percentage Received	11,539,000	11,426,000	113,000	1.0%