

Memorandum



Finance and Technology Department

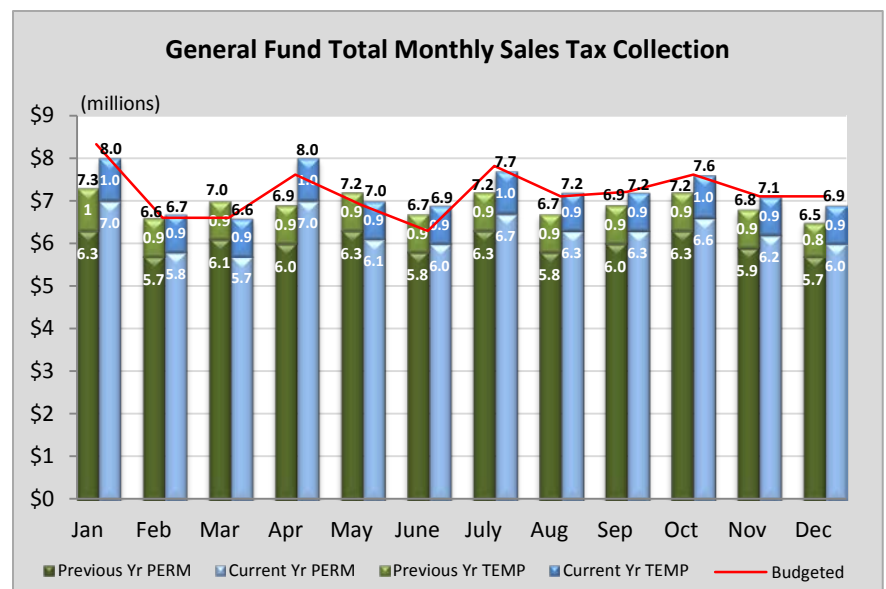
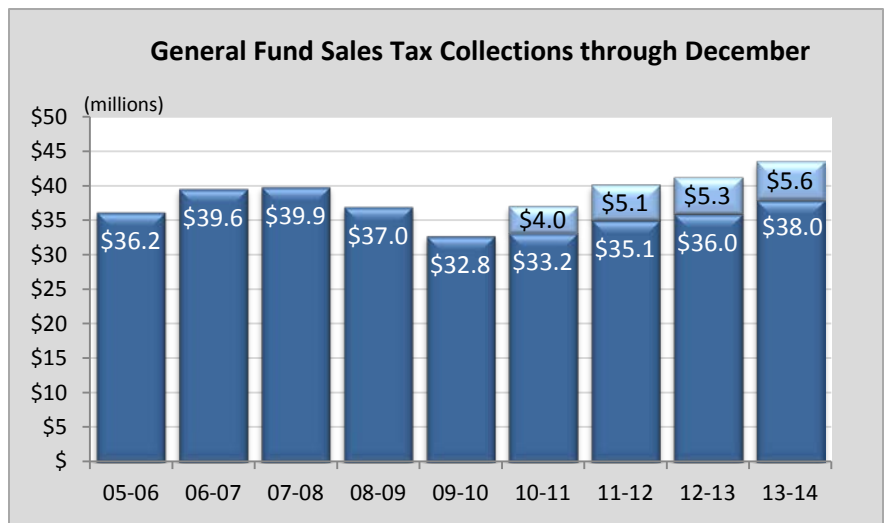
Date: January 17, 2014
To: Mayor and Council
From: Ken Jones, Finance and Technology Director (350-8504)
Subject: Tax Revenue Statistical Report – **December 2013**

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

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 5.5% from the same period in the prior fiscal year. In terms of actual dollars received (\$43.6 million), we are \$2.3 million ahead of last fiscal year (\$41.4 million). Of the total amount collected through December, \$5.6 million was from the temporary sales tax, which expires June 30, 2014.

Although this is positive news, the 5.5% 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 2015. While contracting realized the greatest percentage growth, the leading category of growth in terms of dollars received was Retail, at \$2.1 million. When further analyzing Retail activity, the Furniture/Equipment/Electronics sector led the way with a 17.9% 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 (0.3%), or \$131 thousand below forecast through December. Some economists believe the economic recovery was slowed by damaged consumer confidence in the wake of the government shutdown.

Executive Summary

	Current Month -December								Fiscal Year to Date through December							
	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	478,877,000	-7.1%	486,540,000	1.6%	504,742,000	3.7%	526,913,000	4.4%	2,960,634,000	1.7%	3,049,233,000	3.0%	3,145,118,000	3.1%	3,308,904,000	5.2%
Retail Taxable Sales	244,242,000	-27.3%	253,927,000	4.0%	260,096,000	2.4%	270,125,000	3.9%	1,479,766,000	8.0%	1,504,464,000	1.7%	1,590,870,000	5.7%	1,683,275,000	5.8%
Tax Revenues by Funds																
Privilege Tax - General Fund (1.2%)	5,379,000	-3.5%	5,602,000	4.1%	5,710,000	1.9%	5,978,000	4.7%	33,185,000	1.2%	35,091,000	5.7%	36,016,000	2.6%	38,017,000	5.6%
Temporary Privilege Tax - General Fund	799,000		838,000	4.9%	853,000	1.8%	880,000	3.2%	4,053,000		5,158,000	27.3%	5,340,000	3.5%	5,611,000	5.1%
Transit Tax Fund (.5%)	2,242,000	-3.5%	2,336,000	4.2%	2,382,000	2.0%	2,494,000	4.7%	13,836,000	1.2%	14,633,000	5.8%	15,021,000	2.7%	15,858,000	5.6%
Arts Tax Fund (.1%)	465,000	-3.7%	484,000	4.1%	494,000	2.1%	518,000	4.9%	2,856,000	1.2%	3,018,000	5.7%	3,099,000	2.7%	3,273,000	5.6%
Privilege Tax - Rebates Fund	425,000	-34.7%	313,000	-26.4%	350,000	11.8%	371,000	6.0%	2,323,000	13.5%	1,769,000	-23.8%	1,847,000	4.4%	1,962,000	6.2%
Bed Tax Fund	371,000	-53.8%	369,000	-0.5%	390,000	5.7%	404,000	3.6%	1,568,000	54.6%	1,685,000	7.5%	1,763,000	4.6%	1,970,000	11.7%
Totals	9,681,000	-30.3%	9,942,000	2.7%	10,179,000	2.4%	10,645,000	4.6%	57,821,000	10.4%	61,354,000	6.1%	63,086,000	2.8%	66,691,000	5.7%
Tax Revenues - Business Activities																
Retail	5,019,000	-37.6%	5,280,000	5.2%	5,301,000	0.4%	5,503,000	3.8%	29,208,000	15.2%	31,012,000	6.2%	32,483,000	4.7%	34,552,000	6.4%
Rentals	1,871,000	-27.6%	1,885,000	0.7%	1,892,000	0.4%	1,836,000	-3.0%	11,147,000	9.7%	11,652,000	4.5%	11,946,000	2.5%	11,931,000	-0.1%
Utilities/Communication	739,000	-36.2%	728,000	-1.5%	812,000	11.5%	826,000	1.7%	5,858,000	8.6%	5,980,000	2.1%	6,027,000	0.8%	6,227,000	3.3%
Restaurants	756,000	-32.2%	811,000	7.3%	856,000	5.5%	989,000	15.5%	4,427,000	10.5%	4,802,000	8.5%	4,884,000	1.7%	5,412,000	10.8%
Contracting	441,000	-175.6%	412,000	-6.6%	469,000	13.8%	608,000	29.6%	3,078,000	-27.4%	3,744,000	21.6%	3,426,000	-8.5%	3,924,000	14.5%
Hotel/Motel	198,000	-29.5%	198,000	0.0%	180,000	-9.1%	209,000	16.1%	885,000	11.3%	967,000	9.3%	935,000	-3.3%	1,056,000	12.9%
Transient (Bed Tax)	371,000	-53.8%	369,000	-0.5%	390,000	5.7%	403,000	3.3%	1,569,000	54.6%	1,685,000	7.4%	1,763,000	4.6%	1,970,000	11.7%
Amusements	169,000	-32.7%	156,000	-7.7%	134,000	-14.1%	144,000	7.5%	932,000	15.6%	896,000	-3.9%	782,000	-12.7%	843,000	7.8%
All Other	117,000	-51.0%	103,000	-12.0%	145,000	40.8%	127,000	-12.4%	717,000	23.0%	616,000	-14.1%	840,000	36.4%	776,000	-7.6%
Totals	9,681,000	-30.3%	9,942,000	2.7%	10,179,000	2.4%	10,645,000	4.6%	57,821,000	10.4%	61,354,000	6.1%	63,086,000	2.8%	66,691,000	5.7%
Tax Revenues - Retail Activities Breakdown																
Automotive	675,000	-36.0%	764,000	13.2%	852,000	11.5%	933,000	9.5%	4,081,000	14.6%	4,592,000	12.5%	5,265,000	14.7%	5,693,000	8.1%
Furniture/Equipment/Electronics	1,019,000	-54.2%	1,148,000	12.7%	1,061,000	-7.6%	1,220,000	15.0%	6,368,000	27.4%	6,568,000	3.1%	7,012,000	6.8%	8,268,000	17.9%
Department Stores	1,033,000	-30.1%	1,053,000	1.9%	1,077,000	2.3%	1,104,000	2.5%	5,340,000	12.7%	5,752,000	7.7%	5,959,000	3.6%	5,936,000	-0.4%
Grocery Stores	601,000	-15.9%	585,000	-2.7%	606,000	3.6%	641,000	5.8%	3,231,000	6.2%	3,443,000	6.6%	3,533,000	2.6%	3,741,000	5.9%
Drugs/Small Stores	517,000	-40.5%	613,000	18.6%	532,000	-13.2%	522,000	-1.9%	3,132,000	14.4%	3,400,000	8.6%	3,350,000	-1.5%	3,505,000	4.6%
Manufacturing Firms	256,000	265.7%	229,000	-10.5%	381,000	66.4%	249,000	-34.6%	1,629,000	-10.3%	1,895,000	16.3%	2,036,000	7.4%	1,636,000	-19.6%
Building Supply Stores	181,000	-28.5%	160,000	-11.6%	174,000	8.7%	178,000	2.3%	1,079,000	10.2%	1,069,000	-0.9%	1,095,000	2.4%	1,166,000	6.5%
All Other Retail	737,000	-46.4%	728,000	-1.2%	618,000	-15.1%	656,000	6.1%	4,348,000	24.9%	4,293,000	-1.3%	4,233,000	-1.4%	4,607,000	8.8%
Totals	5,019,000	-37.6%	5,280,000	5.2%	5,301,000	0.4%	5,503,000	3.8%	29,208,000	15.2%	31,012,000	6.2%	32,483,000	4.7%	34,552,000	6.4%
Tax Revenues - Business Districts																
Elliot Corridor	1,261,000	-40.1%	1,346,000	6.7%	1,456,000	8.2%	1,616,000	11.0%	7,469,000	17.3%	7,681,000	2.8%	8,960,000	16.7%	9,621,000	7.4%
Autoplex (included in Elliot Corridor)	453,000	-36.1%	514,000	13.5%	592,000	15.2%	642,000	8.4%	2,691,000	16.0%	3,003,000	11.6%	3,653,000	21.6%	3,923,000	7.4%
Market Place	459,000	-30.0%	458,000	-0.2%	514,000	12.2%	536,000	4.3%	2,434,000	11.5%	2,524,000	3.7%	2,697,000	6.9%	2,849,000	5.6%
Mills Mall	558,000	-39.0%	583,000	4.5%	578,000	-0.9%	547,000	-5.4%	2,901,000	16.7%	3,108,000	7.1%	3,106,000	-0.1%	3,031,000	-2.4%
Downtown Tempe	285,000	-31.2%	377,000	32.3%	292,000	-22.5%	410,000	40.4%	1,477,000	14.0%	1,717,000	16.2%	1,698,000	-1.1%	2,015,000	18.7%
Apache Blvd.	176,000	-41.9%	167,000	-5.1%	185,000	10.8%	201,000	8.6%	1,072,000	9.5%	1,076,000	0.4%	1,081,000	0.5%	1,257,000	16.3%
ASU Properties	166,000	-53.2%	175,000	5.4%	199,000	13.7%	162,000	-18.6%	838,000	40.8%	984,000	17.4%	1,091,000	10.9%	1,175,000	7.7%
Rio Salado (1.8% and 3.0% Bed Tax)	258,000	-39.6%	244,000	-5.4%	233,000	-4.5%	266,000	14.2%	1,448,000	16.3%	1,513,000	4.5%	1,360,000	-10.1%	1,513,000	11.3%
All Other Areas	6,518,000	-25.2%	6,592,000	1.1%	6,722,000	2.0%	6,907,000	2.8%	40,182,000	8.0%	42,751,000	6.4%	43,093,000	0.8%	45,230,000	5.0%

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	6,152,000	57,000	0.9%
Dec	7.8%	6,018,000	5,978,000	(40,000)	-0.7%
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	38,017,000	366,000	

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	32,039,000	406,000	1.3%
Jul-Dec	48.8%	37,651,000	38,017,000	366,000	1.0%
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	77,758,000	77,156,000	602,000	0.8%
Percentage Received	77,904,000	77,156,000	748,000	1.0%

Temporary Privilege Tax Revenue - General Fund (0.2%)
Year-to-Date Comparison - December

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	915,000	(11,000)	-1.2%
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	881,000	(10,000)	-1.1%
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	5,611,000	35,000	

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	2,859,000	48,000	1.7%
Jul-Oct	33.1%	3,782,000	3,821,000	39,000	1.0%
Jul-Nov	41.0%	4,685,000	4,730,000	45,000	1.0%
Jul-Dec	48.8%	5,576,000	5,611,000	35,000	0.6%
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	11,473,000	11,426,000	47,000	0.4%
Percentage Received	11,498,000	11,426,000	72,000	0.6%