

Memorandum



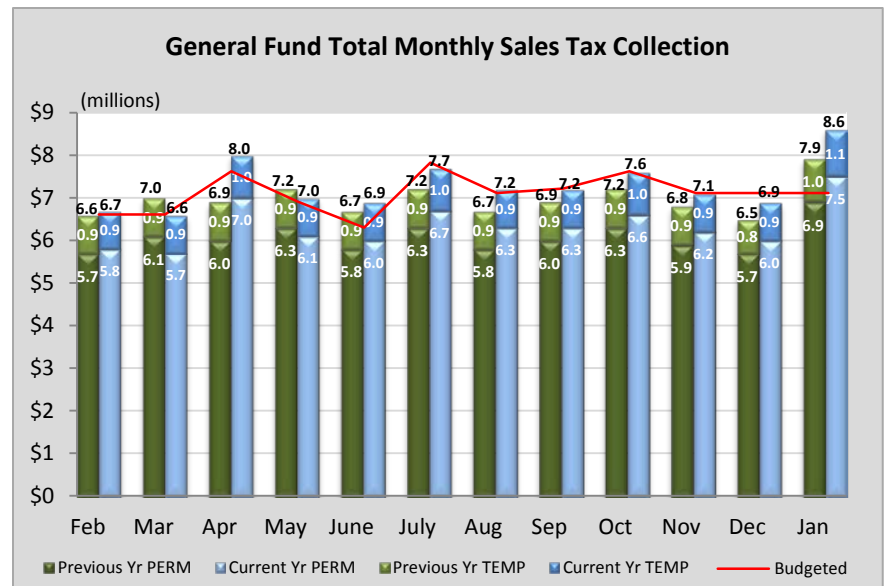
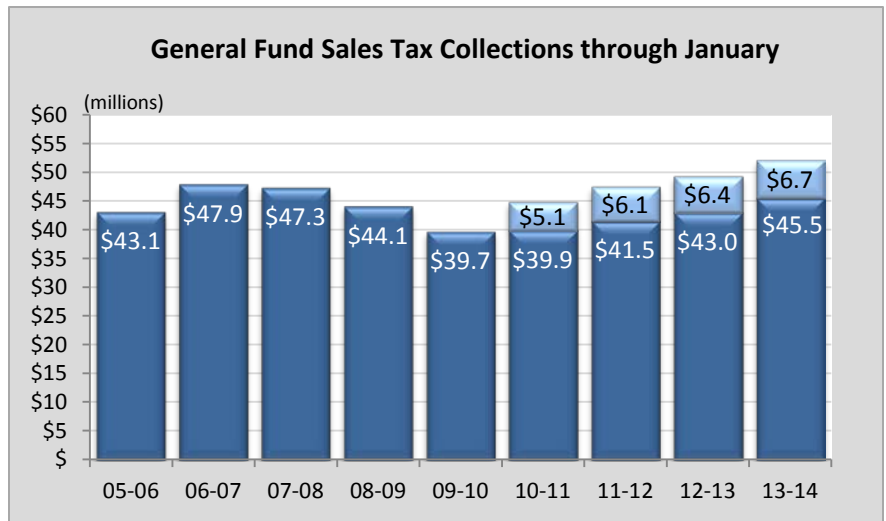
Finance and Technology Department

Date: February 14, 2014
To: Mayor and Council
From: Ken Jones, Finance and Technology Director (350-8504)
Subject: Tax Revenue Statistical Report – **January 2014**

Attached is the Executive Summary of the Tax Revenue Statistical Report for January 2014 covering December sales activity reported to our Tax and License Division in January.

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 (\$52.2 million), we are \$2.9 million ahead of last fiscal year (\$49.3 million). Of the total amount collected through January, \$6.7 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 2015. While Contracting realized the greatest percentage growth, the leading category of growth in terms of dollars received was Retail, at \$2.7 million. When further analyzing Retail activity, the Furniture/Equipment/Electronics sector led the way with an 18.2% 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 (0.5%), or \$230 thousand below forecast through January, not including revenues resulting from large audits. Some economists believe the economic recovery was slowed by damaged consumer confidence in the wake of the government shutdown.

Executive Summary

Current Month -January									Fiscal Year to Date through January							
	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	594,944,000	-3.6%	562,957,000	-5.4%	617,562,000	9.7%	659,861,000	6.8%	3,555,578,000	0.8%	3,612,190,000	1.6%	3,762,680,000	4.2%	3,968,765,000	5.5%
Retail Taxable Sales	332,458,000	-1.3%	323,038,000	-2.8%	340,389,000	5.4%	366,800,000	7.8%	1,812,224,000	6.2%	1,827,502,000	0.8%	1,931,259,000	5.7%	2,050,075,000	6.2%
Tax Revenues by Funds																
Privilege Tax - General Fund (1.2%)	6,757,000	-2.6%	6,370,000	-5.7%	6,943,000	9.0%	7,527,000	8.4%	39,942,000	0.5%	41,461,000	3.8%	42,959,000	3.6%	45,544,000	6.0%
Temporary Privilege Tax - General Fund	1,003,000		961,000	-4.2%	1,025,000	6.7%	1,102,000	7.5%	5,056,000		6,119,000	21.0%	6,365,000	4.0%	6,713,000	5.5%
Transit Tax Fund (.5%)	2,816,000	-2.6%	2,656,000	-5.7%	2,896,000	9.0%	3,140,000	8.4%	16,652,000	0.5%	17,289,000	3.8%	17,917,000	3.6%	18,998,000	6.0%
Arts Tax Fund (.1%)	585,000	-2.7%	555,000	-5.1%	605,000	9.0%	653,000	7.9%	3,441,000	0.6%	3,573,000	3.8%	3,704,000	3.7%	3,926,000	6.0%
Privilege Tax - Rebates Fund	473,000	-5.2%	459,000	-3.0%	488,000	6.3%	473,000	-3.1%	2,796,000	9.8%	2,228,000	-20.3%	2,335,000	4.8%	2,435,000	4.3%
Bed Tax Fund	301,000	72.0%	296,000	-1.7%	349,000	17.9%	308,000	-11.7%	1,869,000	57.2%	1,981,000	6.0%	2,112,000	6.6%	2,278,000	7.9%
Totals	11,935,000	7.5%	11,297,000	-5.3%	12,306,000	8.9%	13,203,000	7.3%	69,756,000	9.9%	72,651,000	4.2%	75,392,000	3.8%	79,894,000	6.0%
Tax Revenues - Business Activities																
Retail	6,905,000	11.3%	6,619,000	-4.1%	6,915,000	4.5%	7,510,000	8.6%	36,113,000	14.4%	37,631,000	4.2%	39,398,000	4.7%	42,062,000	6.8%
Rentals	2,172,000	4.8%	1,923,000	-11.5%	2,258,000	17.4%	2,324,000	2.9%	13,319,000	8.8%	13,575,000	1.9%	14,204,000	4.6%	14,255,000	0.4%
Utilities/Communication	729,000	-4.1%	808,000	10.8%	773,000	-4.3%	814,000	5.3%	6,587,000	7.0%	6,788,000	3.1%	6,800,000	0.2%	7,041,000	3.5%
Restaurants	854,000	16.7%	824,000	-3.5%	930,000	12.9%	984,000	5.8%	5,281,000	11.5%	5,626,000	6.5%	5,814,000	3.3%	6,396,000	10.0%
Contracting	566,000	-24.3%	401,000	-29.2%	590,000	47.1%	781,000	32.4%	3,644,000	-26.9%	4,145,000	13.7%	4,016,000	-3.1%	4,705,000	17.2%
Hotel/Motel	161,000	-0.6%	174,000	8.1%	186,000	6.9%	179,000	-3.8%	1,046,000	9.3%	1,141,000	9.1%	1,121,000	-1.8%	1,235,000	10.2%
Transient (Bed Tax)	300,000	71.4%	296,000	-1.3%	349,000	17.9%	308,000	-11.7%	1,869,000	57.1%	1,981,000	6.0%	2,112,000	6.6%	2,278,000	7.9%
Amusements	150,000	2.7%	141,000	-6.0%	137,000	-2.8%	169,000	23.4%	1,082,000	13.7%	1,037,000	-4.2%	919,000	-11.4%	1,012,000	10.1%
All Other	98,000	-7.5%	111,000	13.3%	168,000	51.4%	134,000	-20.2%	815,000	18.3%	727,000	-10.8%	1,008,000	38.7%	910,000	-9.7%
Totals	11,935,000	7.5%	11,297,000	-5.3%	12,306,000	8.9%	13,203,000	7.3%	69,756,000	9.9%	72,651,000	4.2%	75,392,000	3.8%	79,894,000	6.0%
Tax Revenues - Retail Activities Breakdown																
Automotive	804,000	29.5%	844,000	5.0%	971,000	15.0%	1,084,000	11.6%	4,885,000	16.8%	5,436,000	11.3%	6,236,000	14.7%	6,777,000	8.7%
Furniture/Equipment/Electronics	1,554,000	5.6%	1,443,000	-7.1%	1,543,000	6.9%	1,842,000	19.4%	7,922,000	22.5%	8,011,000	1.1%	8,555,000	6.8%	10,110,000	18.2%
Department Stores	1,407,000	14.0%	1,445,000	2.7%	1,469,000	1.7%	1,447,000	-1.5%	6,747,000	13.0%	7,197,000	6.7%	7,428,000	3.2%	7,383,000	-0.6%
Grocery Stores	836,000	7.9%	781,000	-6.6%	870,000	11.4%	915,000	5.2%	4,067,000	6.6%	4,224,000	3.9%	4,403,000	4.2%	4,656,000	5.7%
Drugs/Small Stores	739,000	14.0%	722,000	-2.3%	794,000	10.0%	847,000	6.7%	3,871,000	14.4%	4,122,000	6.5%	4,144,000	0.5%	4,352,000	5.0%
Manufacturing Firms	335,000	-34.4%	425,000	26.9%	361,000	-15.1%	352,000	-2.5%	1,964,000	-15.6%	2,320,000	18.1%	2,397,000	3.3%	1,988,000	-17.1%
Building Supply Stores	159,000	12.8%	172,000	8.2%	139,000	-19.2%	177,000	27.3%	1,238,000	10.5%	1,241,000	0.2%	1,234,000	-0.6%	1,343,000	8.8%
All Other Retail	1,071,000	33.7%	787,000	-26.5%	768,000	-2.4%	846,000	10.2%	5,419,000	26.6%	5,080,000	-6.3%	5,001,000	-1.6%	5,453,000	9.0%
Totals	6,905,000	11.3%	6,619,000	-4.1%	6,915,000	4.5%	7,510,000	8.6%	36,113,000	14.4%	37,631,000	4.2%	39,398,000	4.7%	42,062,000	6.8%
Tax Revenues - Business Districts																
Elliot Corridor	1,606,000	19.4%	1,598,000	-0.5%	1,799,000	12.6%	1,908,000	6.1%	9,075,000	17.6%	9,279,000	2.2%	10,759,000	15.9%	11,529,000	7.2%
Autoplex (included in Elliot Corridor)	534,000	27.1%	608,000	13.9%	695,000	14.3%	769,000	10.6%	3,225,000	17.7%	3,611,000	12.0%	4,348,000	20.4%	4,692,000	7.9%
Market Place	616,000	7.7%	699,000	13.5%	717,000	2.6%	700,000	-2.4%	3,050,000	10.7%	3,223,000	5.7%	3,414,000	5.9%	3,549,000	4.0%
Mills Mall	774,000	14.3%	805,000	4.0%	778,000	-3.4%	790,000	1.5%	3,675,000	16.2%	3,913,000	6.5%	3,884,000	-0.7%	3,821,000	-1.6%
Downtown Tempe	278,000	2.2%	348,000	25.2%	386,000	10.9%	358,000	-7.3%	1,755,000	11.9%	2,065,000	17.7%	2,084,000	0.9%	2,373,000	13.9%
Apache Blvd.	206,000	32.1%	164,000	-20.4%	193,000	17.7%	197,000	2.1%	1,278,000	12.6%	1,240,000	-3.0%	1,274,000	2.7%	1,454,000	14.1%
ASU Properties	132,000	16.8%	152,000	15.2%	149,000	-2.0%	211,000	41.6%	970,000	37.0%	1,136,000	17.1%	1,240,000	9.2%	1,386,000	11.8%
Rio Salado (1.8% and 3.0% Bed Tax)	206,000	10.8%	175,000	-15.0%	233,000	33.1%	283,000	21.5%	1,654,000	15.6%	1,688,000	2.1%	1,593,000	-5.6%	1,796,000	12.7%
All Other Areas	8,117,000	4.3%	7,356,000	-9.4%	8,051,000	9.4%	8,756,000	8.8%	48,299,000	7.4%	50,107,000	3.7%	51,144,000	2.1%	53,986,000	5.6%

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	7,528,000	44,000	0.6%
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	45,545,000	410,000	

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	45,545,000	410,000	0.9%
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	77,977,000	77,156,000	821,000	1.1%
Percentage Received	77,855,000	77,156,000	699,000	0.9%

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

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	1,102,000	(6,000)	-0.5%
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	6,713,000	29,000	

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	6,713,000	29,000	0.4%
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	11,516,000	11,426,000	90,000	0.8%
Percentage Received	11,475,000	11,426,000	49,000	0.4%