

Memorandum



Finance and Technology Department

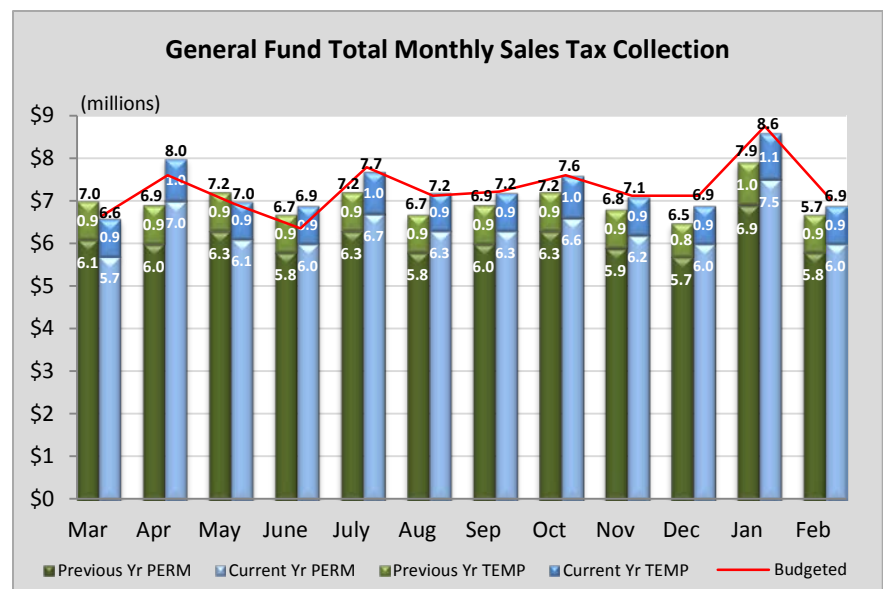
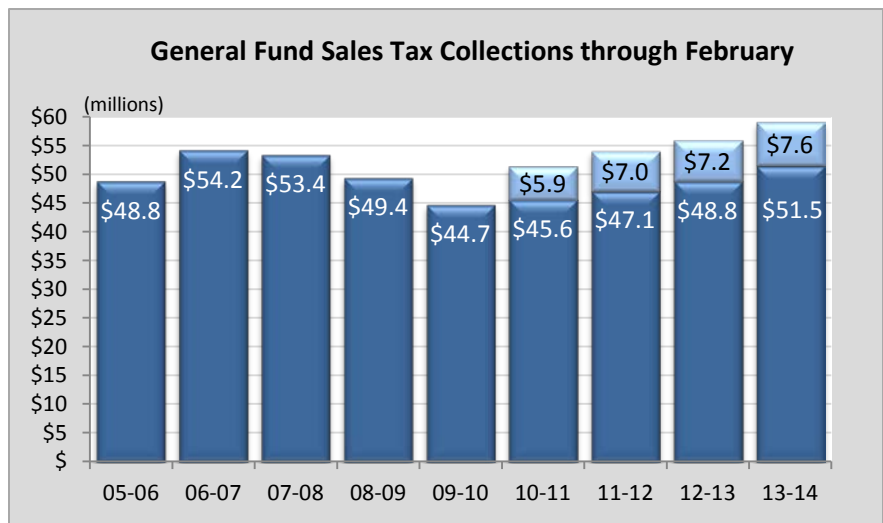
Date: March 14, 2014
To: Mayor and Council
From: Ken Jones, Finance and Technology Director (350-8504)
Subject: Tax Revenue Statistical Report – **February 2014**

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

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 5.6% from the same period in the prior fiscal year. In terms of actual dollars received (\$59.1 million), we are \$3.1 million ahead of last fiscal year (\$56.0 million). Of the total amount collected through February, \$7.6 million was from the temporary sales tax, which expires June 30, 2014. Although this is positive news, the 5.6% increase in General Fund privilege tax revenue more reflects how deep the recession was than a swift recovery. 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 Building Supply Stores sector led the way with a 15.8% 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 (0.6%), or \$313 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 -February								Fiscal Year to Date through February							
	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	490,962,000	8.8%	492,561,000	0.3%	497,903,000	1.1%	523,197,000	5.1%	4,046,540,000	1.7%	4,104,751,000	1.4%	4,260,583,000	3.8%	4,491,962,000	5.4%
Retail Taxable Sales	253,093,000	19.5%	260,294,000	2.8%	269,765,000	3.6%	271,988,000	0.8%	2,065,317,000	7.6%	2,087,796,000	1.1%	2,201,024,000	5.4%	2,322,063,000	5.5%
Tax Revenues by Funds																
Privilege Tax - General Fund (1.2%)	5,617,000	13.8%	5,680,000	1.1%	5,816,000	2.4%	5,971,000	2.7%	45,559,000	2.0%	47,141,000	3.5%	48,775,000	3.5%	51,513,000	5.6%
Temporary Privilege Tax - General Fund	850,000		845,000	-0.6%	861,000	1.9%	889,000	3.3%	5,906,000		6,964,000	17.9%	7,226,000	3.8%	7,594,000	5.1%
Transit Tax Fund (.5%)	2,340,000	13.7%	2,369,000	1.2%	2,424,000	2.3%	2,490,000	2.7%	18,992,000	2.0%	19,658,000	3.5%	20,341,000	3.5%	21,494,000	5.7%
Arts Tax Fund (.1%)	481,000	13.2%	487,000	1.2%	500,000	2.7%	512,000	2.4%	3,922,000	1.9%	4,060,000	3.5%	4,204,000	3.5%	4,438,000	5.6%
Privilege Tax - Rebates Fund	249,000	-23.6%	253,000	1.6%	303,000	19.8%	298,000	-1.7%	3,045,000	6.0%	2,481,000	-18.5%	2,638,000	6.3%	2,733,000	3.6%
Bed Tax Fund	482,000	95.9%	426,000	-11.6%	484,000	13.6%	531,000	9.7%	2,351,000	63.8%	2,407,000	2.4%	2,596,000	7.9%	2,809,000	8.2%
Totals	10,019,000	25.3%	10,060,000	0.4%	10,388,000	3.3%	10,690,000	2.9%	79,775,000	11.6%	82,711,000	3.7%	85,780,000	3.7%	90,581,000	5.6%
Tax Revenues - Business Activities																
Retail	5,219,000	30.9%	5,304,000	1.6%	5,499,000	3.7%	5,587,000	1.6%	41,332,000	16.3%	42,935,000	3.9%	44,897,000	4.6%	47,644,000	6.1%
Rentals	1,776,000	17.9%	1,843,000	3.8%	1,771,000	-3.9%	1,852,000	4.6%	15,095,000	9.8%	15,418,000	2.1%	15,975,000	3.6%	16,107,000	0.8%
Utilities/Communication	763,000	12.9%	708,000	-7.2%	734,000	3.7%	788,000	7.4%	7,350,000	7.6%	7,496,000	2.0%	7,534,000	0.5%	7,829,000	3.9%
Restaurants	789,000	21.4%	775,000	-1.8%	854,000	10.2%	947,000	10.9%	6,070,000	12.7%	6,401,000	5.5%	6,668,000	4.2%	7,343,000	10.1%
Contracting	389,000	-10.6%	520,000	33.7%	491,000	-5.6%	494,000	0.6%	4,033,000	-25.6%	4,665,000	15.7%	4,507,000	-3.4%	5,199,000	15.4%
Hotel/Motel	249,000	15.8%	228,000	-8.4%	257,000	12.7%	265,000	3.1%	1,295,000	10.5%	1,369,000	5.7%	1,378,000	0.7%	1,500,000	8.9%
Transient (Bed Tax)	482,000	95.9%	426,000	-11.6%	483,000	13.4%	531,000	9.9%	2,351,000	63.7%	2,407,000	2.4%	2,595,000	7.8%	2,809,000	8.2%
Amusements	183,000	10.9%	146,000	-20.2%	141,000	-3.4%	121,000	-14.2%	1,265,000	13.2%	1,183,000	-6.5%	1,060,000	-10.4%	1,133,000	6.9%
All Other	169,000	49.6%	110,000	-34.9%	158,000	43.6%	105,000	-33.5%	984,000	22.7%	837,000	-14.9%	1,166,000	39.3%	1,017,000	-12.8%
Totals	10,019,000	25.3%	10,060,000	0.4%	10,388,000	3.3%	10,690,000	2.9%	79,775,000	11.6%	82,711,000	3.7%	85,780,000	3.7%	90,581,000	5.6%
Tax Revenues - Retail Activities Breakdown																
Automotive	713,000	41.7%	728,000	2.1%	821,000	12.8%	952,000	16.0%	5,598,000	19.5%	6,164,000	10.1%	7,057,000	14.5%	7,729,000	9.5%
Furniture/Equipment/Electronics	908,000	-1.5%	1,203,000	32.5%	1,234,000	2.6%	1,190,000	-3.6%	8,830,000	19.5%	9,214,000	4.3%	9,789,000	6.2%	11,300,000	15.4%
Department Stores	858,000	21.4%	858,000	0.0%	921,000	7.3%	867,000	-5.9%	7,605,000	13.8%	8,055,000	5.9%	8,349,000	3.6%	8,250,000	-1.2%
Grocery Stores	534,000	9.2%	553,000	3.6%	667,000	20.6%	633,000	-5.1%	4,601,000	6.9%	4,777,000	3.8%	5,070,000	6.1%	5,289,000	4.3%
Drugs/Small Stores	511,000	-0.2%	650,000	27.2%	666,000	2.5%	652,000	-2.1%	4,382,000	12.4%	4,772,000	8.9%	4,810,000	0.8%	5,004,000	4.0%
Manufacturing Firms	643,000	213.7%	578,000	-10.1%	467,000	-19.2%	319,000	-31.7%	2,607,000	2.9%	2,898,000	11.2%	2,864,000	-1.2%	2,307,000	-19.4%
Building Supply Stores	161,000	5.9%	187,000	16.1%	103,000	-44.9%	205,000	99.0%	1,399,000	10.0%	1,428,000	2.1%	1,337,000	-6.4%	1,548,000	15.8%
All Other Retail	891,000	80.0%	547,000	-38.6%	620,000	13.3%	769,000	24.0%	6,310,000	32.1%	5,627,000	-10.8%	5,621,000	-0.1%	6,217,000	10.6%
Totals	5,219,000	31.0%	5,304,000	1.6%	5,499,000	3.7%	5,587,000	1.6%	41,332,000	16.3%	42,935,000	3.9%	44,897,000	4.6%	47,644,000	6.1%
Tax Revenues - Business Districts																
Elliot Corridor	1,118,000	21.9%	1,201,000	7.4%	1,447,000	20.5%	1,430,000	-1.2%	10,193,000	18.1%	10,480,000	2.8%	12,206,000	16.5%	12,959,000	6.2%
Autoplex (included in Elliot Corridor)	455,000	40.4%	481,000	5.7%	611,000	27.0%	651,000	6.5%	3,680,000	20.1%	4,092,000	11.2%	4,959,000	21.2%	5,343,000	7.7%
Market Place	362,000	11.7%	376,000	3.9%	455,000	21.0%	438,000	-3.7%	3,412,000	10.8%	3,599,000	5.5%	3,869,000	7.5%	3,987,000	3.0%
Mills Mall	473,000	23.5%	417,000	-11.8%	471,000	12.9%	460,000	-2.3%	4,148,000	17.0%	4,330,000	4.4%	4,355,000	0.6%	4,281,000	-1.7%
Downtown Tempe	325,000	24.5%	323,000	-0.6%	343,000	6.2%	451,000	31.5%	2,080,000	13.7%	2,388,000	14.8%	2,427,000	1.6%	2,824,000	16.4%
Apache Blvd.	227,000	47.4%	179,000	-21.1%	216,000	20.7%	211,000	-2.3%	1,505,000	16.8%	1,419,000	-5.7%	1,490,000	5.0%	1,665,000	11.7%
ASU Properties	189,000	122.4%	277,000	46.6%	262,000	-5.4%	258,000	-1.5%	1,159,000	46.2%	1,413,000	21.9%	1,502,000	6.3%	1,644,000	9.5%
Rio Salado (1.8% and 3.0% Bed Tax)	267,000	57.1%	302,000	13.1%	280,000	-7.3%	316,000	12.9%	1,921,000	20.0%	1,990,000	3.6%	1,873,000	-5.9%	2,112,000	12.8%
All Other Areas	7,058,000	23.8%	6,985,000	-1.0%	6,914,000	-1.0%	7,126,000	3.1%	55,357,000	9.2%	57,092,000	3.1%	58,058,000	1.7%	61,109,000	5.3%

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	6,743,000	185,000	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	7,525,000	41,000	0.5%
Feb	7.9%	6,095,000	5,970,000	(125,000)	-2.1%
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	51,513,000	283,000	

Cumulative Amounts

	2013-14 Budget		2013-14 Actual	Over(Under)	
	Percent	Amount		Amount	Percent
Jul	8.5%	6,558,000	6,743,000	185,000	2.8%
Jul-Aug	16.5%	12,730,000	13,057,000	327,000	2.6%
Jul-Sep	24.6%	18,980,000	19,336,000	356,000	1.9%
Jul-Oct	33.1%	25,538,000	25,888,000	350,000	1.4%
Jul-Nov	41.0%	31,633,000	32,040,000	407,000	1.3%
Jul-Dec	48.8%	37,651,000	38,018,000	367,000	1.0%
Jul-Jan	58.5%	45,135,000	45,543,000	408,000	1.0%
Jul-Feb	66.4%	51,230,000	51,513,000	283,000	0.6%
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	77,680,000	77,156,000	524,000	0.7%
Percentage Received	77,580,000	77,156,000	424,000	0.5%

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

Monthly Amounts

	2013-14 Budget		2013-14 Actual	Over(Under)	
	Percent	Amount		Amount	Percent
Jul	8.5%	971,000	1,000,000	29,000	3.0%
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	881,000	(10,000)	-1.1%
Jan	9.7%	1,108,000	1,093,000	(15,000)	-1.4%
Feb	7.9%	903,000	890,000	(13,000)	-1.4%
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	7,594,000	7,000	

Cumulative Amounts

	2013-14 Budget		2013-14 Actual	Over(Under)	
	Percent	Amount		Amount	Percent
Jul	8.5%	971,000	1,000,000	29,000	3.0%
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	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	6,704,000	20,000	0.3%
Jul-Feb	66.4%	7,587,000	7,594,000	7,000	0.1%
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	11,475,000	11,426,000	49,000	0.4%
Percentage Received	11,437,000	11,426,000	11,000	0.1%