

Memorandum



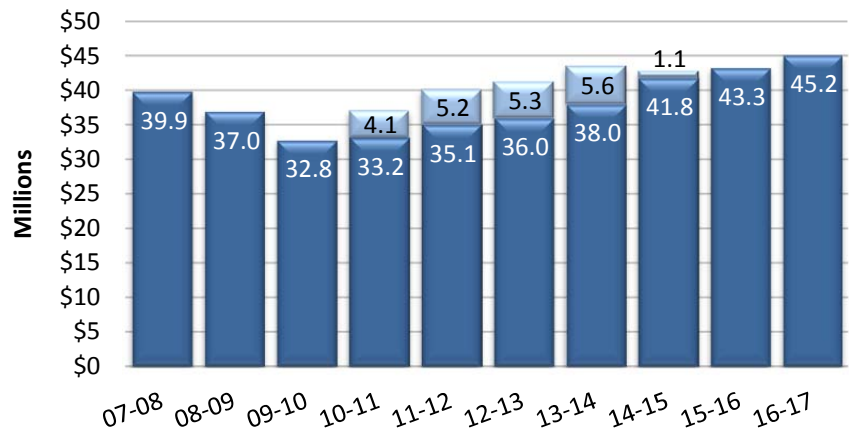
Municipal Budget Office

Date: January 17, 2017
 To: Mayor and Council
 From: Cecilia Robles, Municipal Budget Director (350-8881)
 Subject: Tax Revenue Statistical Report – December 2016

Attached is the Executive Summary of the Tax Revenue Statistical Report for December 2016 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 2007-08 through FY 2016-17. Total taxable sales increased by 4.9% over the same year-to-date period in the prior fiscal year. General Fund Sales Tax revenue is also up 4.3% (\$1.9 million), as a result of strong retail (\$1.9 million), rental (\$693 thousand), and combined bed tax and hotel/motel (\$300 thousand) activity. The combined bed tax and hotel/motel tax revenue growth rate is outperforming all business activities at 8.2% over the prior fiscal year.

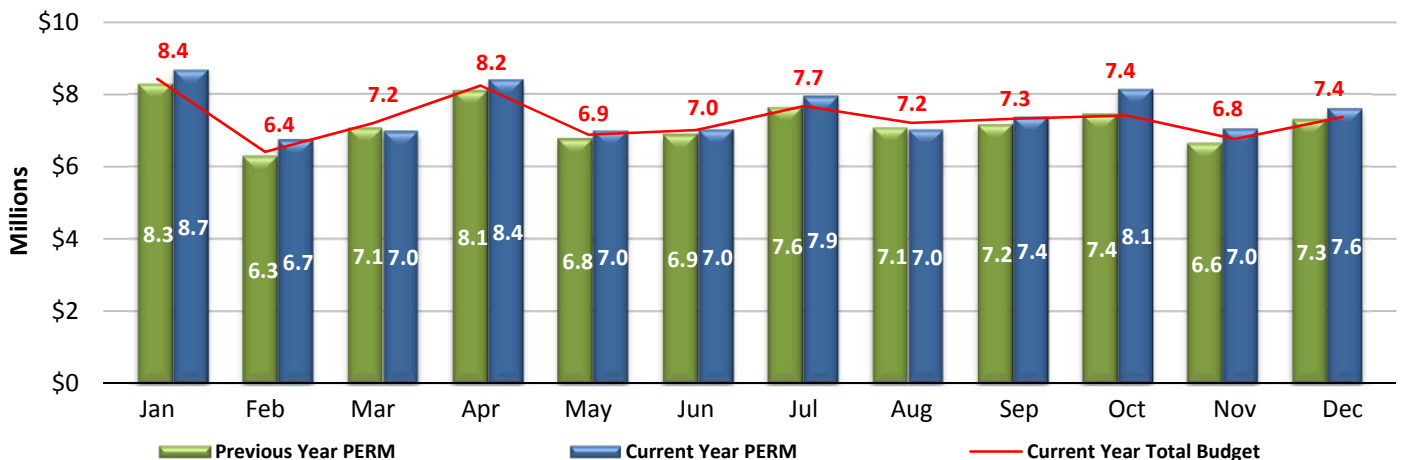
General Fund Sales Tax Collections through December



The graph below represents twelve months of activity, comparing current year General Fund monthly sales tax collections to the previous year.

Although sales taxes are not budgeted on a monthly basis, the graph below applies historical collection percentages to the annual budget to gain insight into sales tax performance. Using this approach, sales tax collections in the General Fund are \$1.4 million above budgeted projections year to date, due to one-time Arizona Department of Revenue (ADOR) payments and taxpayers who caught up on their arrears.

General Fund Monthly Sales Tax Collection vs. Previous Year



Executive Summary

Current Month -December

	2013-14		2014-15		2015-16		2016-17	
	Change		Change		Change		Change	
Taxable Sales								
Total Taxable Sales	526,913,000	4.4%	563,137,000	6.9%	644,175,000	14.4%	692,949,000	7.6%
Retail Taxable Sales	270,125,000	3.9%	293,076,000	8.5%	323,310,000	10.3%	341,729,000	5.7%
Tax Revenues by Funds								
Privilege Tax - General Fund (1.2%)	5,977,000	4.7%	6,436,000	7.7%	7,303,000	13.5%	7,613,000	4.2%
Temporary Privilege Tax - General Fund	880,000	3.0%	8,000	-99.1%	0,000	-100.0%	0,000	0.0%
Transit Tax Fund (.5%)	2,494,000	4.7%	2,685,000	7.7%	3,047,000	13.5%	3,175,000	4.2%
Arts Tax Fund (.1%)	518,000	4.6%	560,000	8.1%	630,000	12.5%	656,000	4.1%
Privilege Tax - Rebates Fund	371,000	5.7%	401,000	8.1%	360,000	-10.2%	374,000	3.9%
Bed Tax Fund	404,000	3.6%	486,000	20.3%	517,000	6.4%	569,000	10.1%
Totals	10,644,000	4.5%	10,576,000	-0.6%	11,857,000	12.1%	12,387,000	4.5%

Fiscal Year to Date through December

	2013-14		2014-15		2015-16		2016-17	
	Change		Change		Change		Change	
Taxable Sales								
Total Taxable Sales	3,308,904,000	5.2%	3,626,384,000	9.6%	3,766,936,000	3.9%	3,952,453,000	4.9%
Retail Taxable Sales	1,683,275,000	5.8%	1,806,856,000	7.3%	1,882,688,000	4.2%	1,966,553,000	4.5%
Tax Revenues by Funds								
Privilege Tax - General Fund (1.2%)	38,016,000	5.6%	41,830,000	10.0%	43,299,000	3.5%	45,160,000	4.3%
Temporary Privilege Tax - General Fund	5,611,000	5.1%	1,081,000	-80.7%	19,000	-98.2%	22,000	15.8%
Transit Tax Fund (.5%)	15,858,000	5.6%	17,445,000	10.0%	18,055,000	3.5%	18,835,000	4.3%
Arts Tax Fund (.1%)	3,273,000	5.6%	3,596,000	9.9%	3,721,000	3.5%	3,885,000	4.4%
Privilege Tax - Rebates Fund	1,962,000	6.2%	1,905,000	-2.9%	1,910,000	0.3%	2,026,000	6.1%
Bed Tax Fund	1,970,000	11.7%	2,257,000	14.6%	2,443,000	8.2%	2,640,000	8.1%
Totals	66,690,000	5.7%	68,114,000	2.1%	69,447,000	2.0%	72,568,000	4.5%

Tax Revenues - Business Activities

	2013-14	Change	2014-15	Change	2015-16	Change	2016-17	Change
Retail	5,502,000	3.8%	5,552,000	0.9%	5,897,000	6.2%	6,353,000	7.7%
Rentals	1,836,000	-3.0%	1,757,000	-4.3%	1,911,000	8.8%	2,047,000	7.1%
Utilities/Communication	826,000	1.7%	739,000	-10.5%	714,000	-3.4%	846,000	18.5%
Restaurants	989,000	15.5%	971,000	-1.8%	1,043,000	7.4%	1,027,000	-1.5%
Contracting	608,000	29.6%	621,000	2.1%	1,153,000	85.7%	928,000	-19.5%
Hotel/Motel	209,000	16.1%	222,000	6.2%	275,000	23.9%	262,000	-4.7%
Transient (Bed Tax)	403,000	3.3%	486,000	20.6%	518,000	6.6%	570,000	10.0%
Amusements	144,000	7.5%	138,000	-4.2%	178,000	29.0%	155,000	-12.9%
All Other	127,000	-13.6%	90,000	-29.1%	168,000	86.7%	199,000	18.5%
Totals	10,644,000	4.5%	10,576,000	-0.6%	11,857,000	12.1%	12,387,000	4.5%

Tax Revenues - Retail Activities Breakdown

	2013-14	Change	2014-15	Change	2015-16	Change	2016-17	Change
Automotive	933,000	9.5%	988,000	5.9%	1,051,000	6.4%	1,083,000	3.0%
Furniture/Equipment/Electronics	1,220,000	15.0%	1,134,000	-7.0%	1,175,000	3.6%	1,126,000	-4.2%
Department Stores	1,104,000	2.5%	1,069,000	-3.2%	1,087,000	1.7%	1,055,000	-2.9%
Grocery Stores	641,000	5.8%	744,000	16.1%	710,000	-4.6%	983,000	38.5%
Drugs/Small Stores	522,000	-1.9%	524,000	0.4%	581,000	10.9%	627,000	7.9%
Manufacturing Firms	249,000	-34.6%	162,000	-34.9%	243,000	50.0%	268,000	10.3%
Building Supply Stores	178,000	2.3%	161,000	-9.6%	198,000	23.0%	190,000	-4.0%
All Other Retail	655,000	6.3%	770,000	17.6%	852,000	10.6%	1,021,000	19.8%
Totals	5,502,000	3.8%	5,552,000	0.9%	5,897,000	6.2%	6,353,000	7.7%

Tax Revenues - Business Districts

	2013-14	Change	2014-15	Change	2015-16	Change	2016-17	Change
Elliot Corridor	1,616,000	11.0%	1,568,000	-3.0%	1,583,000	1.0%	1,565,000	-1.1%
Autoplex (included in Elliot Corridor)	642,000	8.4%	702,000	9.3%	735,000	4.7%	740,000	0.7%
Market Place	536,000	4.3%	532,000	-0.7%	503,000	-5.5%	543,000	8.0%
Mills Mall	547,000	-5.4%	593,000	8.4%	555,000	-6.4%	522,000	-5.9%
Downtown Tempe	410,000	40.4%	427,000	4.1%	419,000	-1.9%	386,000	-7.9%
Apache Blvd.	201,000	8.6%	239,000	18.9%	240,000	0.4%	228,000	-5.0%
ASU Properties	162,000	-18.6%	180,000	11.1%	222,000	23.3%	228,000	2.7%
Rio Salado	266,000	14.2%	246,000	-7.5%	596,000	142.3%	384,000	-35.6%
All Other Areas	6,906,000	2.7%	6,791,000	-1.7%	7,739,000	14.0%	8,531,000	10.2%

**Privilege Tax Revenue - General Fund (1.2%)
2016-17 Actual Compared to Budget**

Monthly Amounts

	2016-17 Budget		2016-17 Actual	Over(Under)	
	Percent	Amount		Amount	Percent
Jul	8.6%	7,677,000	7,949,000	272,000	3.5%
Aug	8.1%	7,213,000	7,028,000	(184,969)	-2.6%
Sep	8.2%	7,333,000	7,372,000	39,136	0.5%
Oct	8.3%	7,417,000	8,149,000	732,129	9.9%
Nov	7.6%	6,765,000	7,049,000	283,756	4.2%
Dec	8.3%	7,374,000	7,613,000	239,242	3.2%
Jan	9.6%	8,572,000			
Feb	7.8%	7,000,000			
Mar	8.0%	7,181,000			
Apr	9.4%	8,364,000			
May	8.0%	7,108,000			
Jun	8.1%	7,238,000			
Totals	100.0%	89,244,000	45,160,000	1,380,870	

Cumulative Amounts

	2016-17 Budget		2016-17 Actual	Over(Under)	
	Percent	Amount		Amount	Percent
Jul	8.6%	7,677,000	7,949,000	272,000	3.5%
Jul-Aug	16.7%	14,890,000	14,977,000	87,000	0.6%
Jul-Sep	24.9%	22,223,000	22,349,000	126,000	0.6%
Jul-Oct	33.2%	29,640,000	30,498,000	858,000	2.9%
Jul-Nov	40.8%	36,405,000	37,547,000	1,142,000	3.1%
Jul-Dec	49.1%	43,779,000	45,160,000	1,381,000	3.2%
Jul-Jan	58.7%	52,351,000			
Jul-Feb	66.5%	59,351,000			
Jul-Mar	74.5%	66,533,000			
Jul-Apr	83.9%	74,897,000			
Jul-May	91.9%	82,005,000			
Jul-Jun	100.0%	89,244,000			

Tax and License Annual Privilege Tax Revenue Projections

Method	Privilege Tax		Overage/Shortage	
	Projected	Budgeted	Amount	Percent
Percent of Increase	91,928,000	89,244,000	2,684,000	3.0%
Percentage Received	91,976,000	89,244,000	2,732,000	3.1%