

# Memorandum



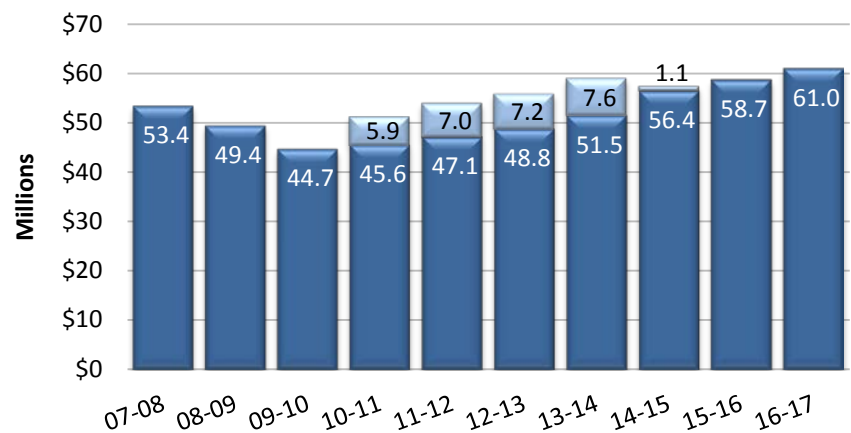
## Municipal Budget Office

Date: May 18, 2017  
 To: Mayor and Council  
 From: Cecilia V. Robles, Municipal Budget Director (350-8881)  
 Subject: Tax Revenue Statistical Report – February 2017

Attached is the Executive Summary of the Tax Revenue Statistical Report for February 2017 covering January sales activity reported to the Arizona Department of Revenue (ADOR). The lag in reporting is due to the delay in receiving information from ADOR.

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 4.8% over the same year-to-date period in the prior fiscal year. General Fund Sales Tax revenue is also up 3.9% (\$2.3 million), as a result of strong retail (\$2.8 million), combined bed tax and hotel/motel (\$415 thousand), and rental (\$376 thousand) activity. The combined bed tax and hotel/motel tax revenue growth rate is outperforming nearly all business activities at 8.0% over the prior fiscal year.

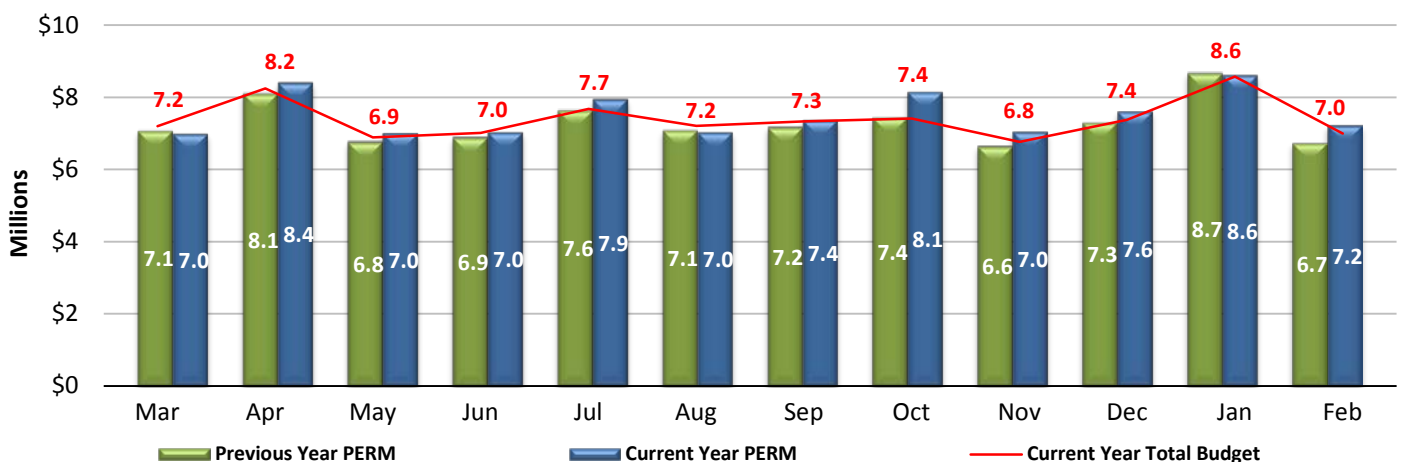
**General Fund Sales Tax Collections through February**



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 \$1.6 million above budgeted projections year to date, due to one-time ADOR payments and taxpayers who caught up on their arrears.

**General Fund Monthly Sales Tax Collection vs. Previous Year**



## Executive Summary

	Current Month -February								Fiscal Year to Date through February							
	2013-14	Change	2014-15	Change	2015-16	Change	2016-17	Change	2013-14	Change	2014-15	Change	2015-16	Change	2016-17	Change
<b>Taxable Sales</b>																
Total Taxable Sales	523,197,000	5.1%	553,061,000	5.7%	593,812,000	7.4%	653,383,000	10.0%	4,491,962,000	5.4%	4,912,108,000	9.4%	5,113,930,000	4.1%	5,360,200,000	4.8%
Retail Taxable Sales	271,988,000	0.8%	278,152,000	2.3%	297,606,000	7.0%	335,954,000	12.9%	2,322,063,000	5.5%	2,464,390,000	6.1%	2,590,417,000	5.1%	2,724,186,000	5.2%
<b>Tax Revenues by Funds</b>																
Privilege Tax - General Fund (1.2%)	5,968,000	2.6%	6,297,000	5.5%	6,741,000	7.1%	7,223,000	7.2%	51,511,000	5.6%	56,420,000	9.5%	58,716,000	4.1%	60,989,000	3.9%
Temporary Privilege Tax - General Fund	890,000	3.4%	8,000	-99.1%	10,000	25.0%	1,000	0.0%	7,595,000	5.1%	1,093,000	-85.6%	34,000	-96.9%	24,000	-29.4%
Transit Tax Fund (.5%)	2,490,000	2.7%	2,627,000	5.5%	2,824,000	7.5%	3,013,000	6.7%	21,494,000	5.7%	23,529,000	9.5%	24,496,000	4.1%	25,436,000	3.8%
Arts Tax Fund (.1%)	514,000	2.6%	544,000	5.8%	581,000	6.8%	620,000	6.7%	4,439,000	5.6%	4,859,000	9.5%	5,052,000	4.0%	5,252,000	4.0%
Privilege Tax - Rebates Fund	298,000	-1.3%	315,000	5.7%	299,000	-5.1%	298,000	-0.3%	2,733,000	3.6%	2,682,000	-1.9%	2,655,000	-1.0%	2,817,000	6.1%
Bed Tax Fund	531,000	9.9%	699,000	31.6%	687,000	-1.7%	636,000	-7.4%	2,809,000	8.2%	3,316,000	18.0%	3,478,000	4.9%	3,772,000	8.5%
<b>Totals</b>	<b>10,691,000</b>	<b>2.9%</b>	<b>10,490,000</b>	<b>-1.9%</b>	<b>11,142,000</b>	<b>6.2%</b>	<b>11,791,000</b>	<b>5.8%</b>	<b>90,581,000</b>	<b>5.6%</b>	<b>91,899,000</b>	<b>1.5%</b>	<b>94,431,000</b>	<b>2.8%</b>	<b>98,290,000</b>	<b>4.1%</b>
<b>Tax Revenues - Business Activities</b>																
Retail	5,587,000	1.6%	5,388,000	-3.6%	5,734,000	6.4%	6,386,000	11.4%	47,644,000	6.1%	46,868,000	-1.6%	48,486,000	3.5%	51,282,000	5.8%
Rentals	1,852,000	4.6%	1,550,000	-16.3%	1,818,000	17.3%	1,561,000	-14.1%	16,107,000	0.8%	15,105,000	-6.2%	16,124,000	6.7%	16,500,000	2.3%
Utilities/Communication	788,000	7.4%	672,000	-14.7%	661,000	-1.6%	703,000	6.4%	7,829,000	3.9%	7,650,000	-2.3%	7,084,000	-7.4%	7,171,000	1.2%
Restaurants	947,000	10.9%	914,000	-3.5%	962,000	5.3%	1,032,000	7.3%	7,343,000	10.1%	7,077,000	-3.6%	7,473,000	5.6%	7,742,000	3.6%
Contracting	494,000	0.6%	775,000	56.9%	765,000	-1.3%	991,000	29.5%	5,199,000	15.4%	8,418,000	61.9%	8,055,000	-4.3%	7,816,000	-3.0%
Hotel/Motel	265,000	3.1%	308,000	16.2%	301,000	-2.3%	277,000	-8.0%	1,500,000	8.9%	1,550,000	3.3%	1,711,000	10.4%	1,832,000	7.1%
Transient (Bed Tax)	531,000	9.9%	699,000	31.6%	687,000	-1.7%	636,000	-7.4%	2,809,000	8.2%	3,316,000	18.0%	3,479,000	4.9%	3,773,000	8.5%
Amusements	121,000	-14.2%	109,000	-9.9%	130,000	19.3%	131,000	0.8%	1,133,000	6.9%	1,018,000	-10.2%	1,121,000	10.1%	1,173,000	4.6%
All Other	106,000	-32.9%	75,000	-29.2%	84,000	12.0%	74,000	-11.9%	1,017,000	-12.9%	897,000	-11.8%	898,000	0.1%	1,001,000	11.5%
<b>Totals</b>	<b>10,691,000</b>	<b>2.9%</b>	<b>10,490,000</b>	<b>-1.9%</b>	<b>11,142,000</b>	<b>6.2%</b>	<b>11,791,000</b>	<b>5.8%</b>	<b>90,581,000</b>	<b>5.6%</b>	<b>91,899,000</b>	<b>1.5%</b>	<b>94,431,000</b>	<b>2.8%</b>	<b>98,290,000</b>	<b>4.1%</b>
<b>Tax Revenues - Retail Activities Breakdown</b>																
Automotive	952,000	16.0%	928,000	-2.5%	930,000	0.2%	1,123,000	20.8%	7,729,000	9.5%	7,974,000	3.2%	8,000,000	0.3%	8,190,000	2.4%
Furniture/Equipment/Electronics	1,190,000	-3.6%	1,130,000	-5.0%	1,248,000	10.4%	1,338,000	7.2%	11,300,000	15.4%	10,466,000	-7.4%	10,150,000	-3.0%	10,740,000	5.8%
Department Stores	867,000	-5.9%	851,000	-1.8%	819,000	-3.8%	820,000	0.1%	8,250,000	-1.2%	7,890,000	-4.4%	7,956,000	0.8%	8,178,000	2.8%
Grocery Stores	633,000	-5.1%	653,000	3.2%	733,000	12.3%	646,000	-11.9%	5,289,000	4.3%	5,612,000	6.1%	5,726,000	2.0%	5,823,000	1.7%
Drugs/Small Stores	652,000	-2.1%	554,000	-15.0%	505,000	-8.8%	718,000	42.2%	5,004,000	4.0%	4,673,000	-6.6%	4,452,000	-4.7%	5,006,000	12.4%
Manufacturing Firms	319,000	-31.7%	253,000	-20.7%	206,000	-18.6%	214,000	3.9%	2,307,000	-19.4%	2,016,000	-12.6%	2,318,000	15.0%	2,252,000	-2.8%
Building Supply Stores	205,000	99.0%	163,000	-20.5%	255,000	56.4%	209,000	-18.0%	1,548,000	15.8%	1,418,000	-8.4%	1,669,000	17.7%	1,686,000	1.0%
All Other Retail	769,000	24.6%	856,000	11.3%	1,038,000	21.3%	1,318,000	27.0%	6,217,000	10.6%	6,819,000	9.7%	8,215,000	20.5%	9,407,000	14.5%
<b>Totals</b>	<b>5,587,000</b>	<b>1.7%</b>	<b>5,388,000</b>	<b>-3.6%</b>	<b>5,734,000</b>	<b>6.4%</b>	<b>6,386,000</b>	<b>11.4%</b>	<b>47,644,000</b>	<b>6.1%</b>	<b>46,868,000</b>	<b>-1.6%</b>	<b>48,486,000</b>	<b>3.5%</b>	<b>51,282,000</b>	<b>5.8%</b>
<b>Tax Revenues - Business Districts</b>																
Elliot Corridor	1,430,000	-1.2%	1,388,000	-2.9%	1,445,000	4.1%	1,512,000	4.6%	12,959,000	6.2%	12,740,000	-1.7%	12,515,000	-1.8%	12,727,000	1.7%
Autoplex (included in Elliot Corridor)	651,000	6.5%	658,000	1.1%	635,000	-3.5%	692,000	9.0%	5,343,000	7.7%	5,507,000	3.1%	5,446,000	-1.1%	5,205,000	-4.4%
Market Place	438,000	-3.7%	468,000	6.8%	397,000	-15.2%	441,000	11.1%	3,987,000	3.0%	3,937,000	-1.3%	3,823,000	-2.9%	4,131,000	8.1%
Mills Mall	460,000	-2.3%	342,000	-25.7%	436,000	27.5%	435,000	-0.2%	4,281,000	-1.7%	3,821,000	-10.7%	3,997,000	4.6%	4,203,000	5.2%
Downtown Tempe	451,000	31.5%	446,000	-1.1%	421,000	-5.6%	421,000	0.0%	2,824,000	16.4%	3,017,000	6.8%	2,920,000	-3.2%	2,860,000	-2.1%
Apache Blvd.	211,000	-2.3%	197,000	-6.6%	208,000	5.6%	155,000	-25.5%	1,665,000	11.7%	1,707,000	2.5%	1,625,000	-4.8%	1,629,000	0.2%
ASU Properties	258,000	-1.5%	137,000	-46.9%	114,000	-16.8%	237,000	107.9%	1,644,000	9.5%	1,430,000	-13.0%	1,372,000	-4.1%	1,607,000	17.1%
Rio Salado	316,000	12.9%	325,000	2.8%	429,000	32.0%	403,000	-6.1%	2,112,000	12.8%	2,186,000	3.5%	2,710,000	24.0%	2,889,000	6.6%
All Other Areas	7,127,000	3.1%	7,187,000	0.8%	7,692,000	7.0%	8,187,000	6.4%	61,109,000	5.2%	63,061,000	3.2%	65,469,000	3.8%	68,244,000	4.2%

**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
<b>Jul</b>	8.6%	7,677,000	7,948,000	271,000	3.5%
<b>Aug</b>	8.1%	7,213,000	7,028,000	(184,969)	-2.6%
<b>Sep</b>	8.2%	7,333,000	7,372,000	39,136	0.5%
<b>Oct</b>	8.3%	7,417,000	8,149,000	732,129	9.9%
<b>Nov</b>	7.6%	6,765,000	7,049,000	283,756	4.2%
<b>Dec</b>	8.3%	7,374,000	7,613,000	239,242	3.2%
<b>Jan</b>	9.6%	8,572,000	8,606,000	34,456	0.4%
<b>Feb</b>	7.8%	7,000,000	7,224,000	223,591	3.2%
<b>Mar</b>	8.0%	7,181,000			
<b>Apr</b>	9.4%	8,364,000			
<b>May</b>	8.0%	7,108,000			
<b>Jun</b>	8.1%	7,238,000			
<b>Totals</b>	100.0%	89,244,000	60,989,000	1,637,917	

**Cumulative Amounts**

	2016-17 Budget		2016-17 Actual	Over(Under)	
	Percent	Amount		Amount	Percent
<b>Jul</b>	8.6%	7,677,000	7,948,000	271,000	3.5%
<b>Jul-Aug</b>	16.7%	14,890,000	14,976,000	86,000	0.6%
<b>Jul-Sep</b>	24.9%	22,223,000	22,348,000	125,000	0.6%
<b>Jul-Oct</b>	33.2%	29,640,000	30,497,000	857,000	2.9%
<b>Jul-Nov</b>	40.8%	36,405,000	37,546,000	1,141,000	3.1%
<b>Jul-Dec</b>	49.1%	43,779,000	45,159,000	1,380,000	3.2%
<b>Jul-Jan</b>	58.7%	52,351,000	53,765,000	1,414,000	2.7%
<b>Jul-Feb</b>	66.5%	59,351,000	60,989,000	1,638,000	2.8%
<b>Jul-Mar</b>	74.5%	66,533,000			
<b>Jul-Apr</b>	83.9%	74,897,000			
<b>Jul-May</b>	91.9%	82,005,000			
<b>Jul-Jun</b>	100.0%	89,244,000			

**Tax and License Annual Privilege Tax Revenue Projections**

Method	Privilege Tax		Overage/Shortage	
	Projected	Budgeted	Amount	Percent
<b>Percent of Increase</b>	91,551,000	89,244,000	2,307,000	2.6%
<b>Percentage Received</b>	91,713,000	89,244,000	2,469,000	2.8%