

# Memorandum

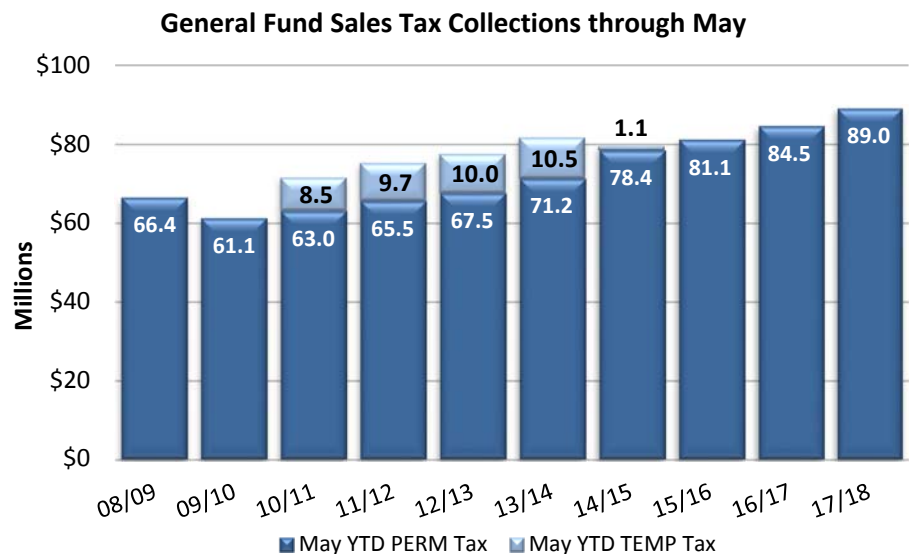


## Municipal Budget Office

Date: August 8, 2018  
 To: Mayor and Council  
 From: Cecilia V. Robles, Municipal Budget Director (350-8881)  
 Subject: Tax Revenue Statistical Report – May 2018

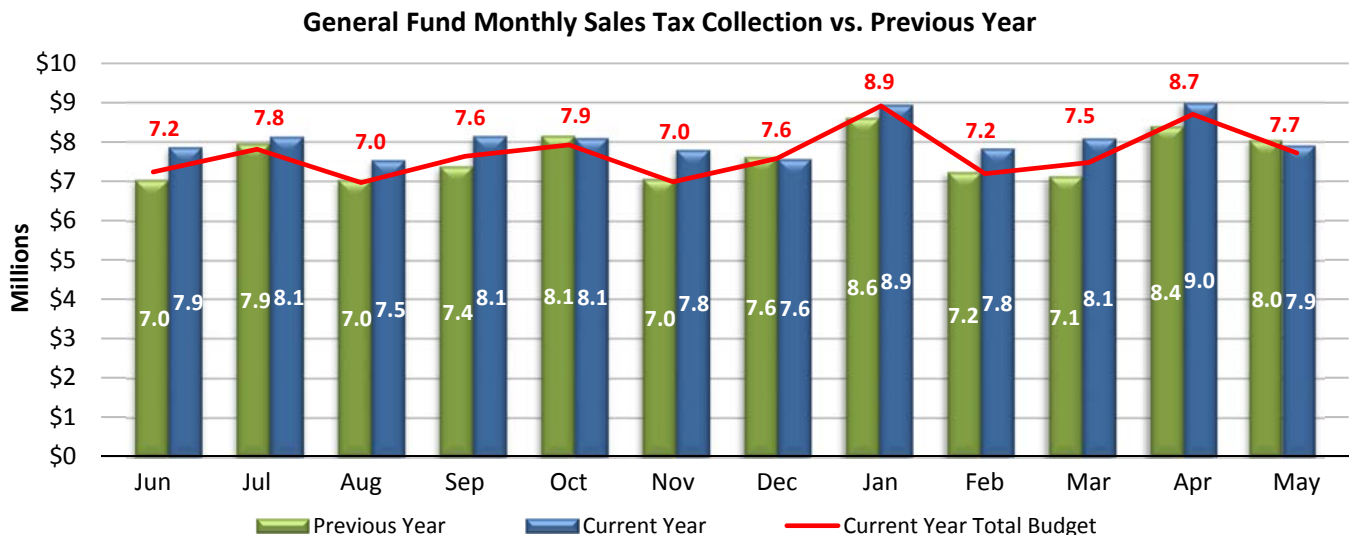
Attached is the Executive Summary of the Tax Revenue Statistical Report for May 2018 covering April sales activity reported to the Arizona Department of Revenue (ADOR). The lag in reporting is due to the delay in receiving information from ADOR.

The graph to the right depicts year-to-date General Fund historical privilege tax revenue from FY 2008-09 through FY 2017-18. Total taxable sales increased by 5.3% over the same year-to-date period in the prior fiscal year. General Fund Sales Tax revenue is also up 5.2% (\$4.4 million) because of overall strong retail (\$3.6 million), rentals (\$2.1 million), and combined bed tax and hotel/motel (\$1.2 million) activity. The combined bed tax and hotel/motel tax revenue is up 12.4% as its trend has recovered from extra payments made during the prior year.



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 (excluding restricted bed taxes) are \$4.1 million above budgeted projections year to date.



## Executive Summary

	Current Month - May						Fiscal Year to Date - May									
	2014-15	Change	2015-16	Change	2016-17	Change	2017-18	Change	2014-15	Change	2015-16	Change	2016-17	Change	2017-18	Change
<b>Taxable Sales</b>																
Total Taxable Sales	595,812,000	9.0%	617,006,000	3.6%	704,992,000	14.3%	692,117,000	-1.8%	6,851,648,000	10.0%	7,078,366,000	3.3%	7,465,632,000	5.5%	7,858,152,000	5.3%
Retail Taxable Sales	300,284,000	7.9%	314,112,000	4.6%	373,055,000	18.8%	340,596,000	-8.7%	3,417,302,000	6.9%	3,574,311,000	4.6%	3,787,361,000	6.0%	3,957,654,000	4.5%
<b>Tax Revenues by Funds</b>																
Privilege Tax - General Fund (1.2%)	6,769,000	9.6%	7,001,000	3.4%	8,036,000	14.8%	7,903,000	-1.7%	78,373,000	10.1%	81,113,000	3.5%	84,535,000	4.2%	88,976,000	5.3%
Temporary Privilege Tax - General Fund	5,000	-99.4%	2,000	-60.0%	-	-100.0%	-	0.0%	1,112,000	-89.4%	39,000	-96.5%	24,000	-38.5%	9,000	-62.5%
Transit Tax Fund (0.5%)	2,823,000	9.6%	2,920,000	3.4%	3,351,000	14.8%	3,296,000	-1.6%	32,684,000	10.0%	33,837,000	3.5%	35,259,000	4.2%	37,111,000	5.3%
Arts Tax Fund (0.1%)	582,000	9.4%	608,000	4.5%	688,000	13.2%	676,000	-1.7%	6,748,000	10.0%	6,983,000	3.5%	7,253,000	3.9%	7,635,000	5.3%
Privilege Tax - Rebates Fund	304,000	-5.6%	423,000	39.1%	314,000	-25.8%	295,000	-6.1%	3,687,000	-1.9%	3,749,000	1.7%	3,811,000	1.7%	3,702,000	-2.9%
Bed Tax Fund	543,000	3.0%	692,000	27.4%	802,000	15.9%	851,000	6.1%	5,764,000	18.6%	5,907,000	2.5%	6,597,000	11.7%	7,398,000	12.1%
<b>Totals</b>	<b>11,026,000</b>	<b>-0.1%</b>	<b>11,646,000</b>	<b>5.6%</b>	<b>13,191,000</b>	<b>13.3%</b>	<b>13,021,000</b>	<b>-1.3%</b>	<b>128,368,000</b>	<b>1.8%</b>	<b>131,628,000</b>	<b>2.5%</b>	<b>137,479,000</b>	<b>4.4%</b>	<b>144,831,000</b>	<b>5.3%</b>
<b>Tax Revenues - Business Activities</b>																
Retail	5,519,000	-2.7%	6,015,000	9.0%	7,061,000	17.4%	6,417,000	-9.1%	64,547,000	-1.6%	67,204,000	4.1%	70,989,000	5.6%	74,615,000	5.1%
Rentals	1,827,000	-3.1%	1,936,000	6.0%	2,049,000	5.8%	2,398,000	17.0%	21,194,000	-4.1%	22,338,000	5.4%	22,978,000	2.9%	25,121,000	9.3%
Utilities/Communication	712,000	-14.8%	663,000	-6.9%	688,000	3.8%	659,000	-4.2%	9,710,000	-5.1%	9,045,000	-6.8%	9,129,000	0.9%	9,172,000	0.5%
Restaurants	1,026,000	2.7%	1,044,000	1.8%	1,133,000	8.5%	1,077,000	-4.9%	10,325,000	-1.7%	10,788,000	4.5%	11,171,000	3.6%	11,650,000	4.3%
Contracting	924,000	47.6%	753,000	-18.5%	891,000	18.3%	975,000	9.4%	11,653,000	56.0%	10,849,000	-6.9%	10,701,000	-1.4%	10,974,000	2.6%
Hotel/Motel	282,000	3.7%	310,000	9.9%	359,000	15.8%	404,000	12.5%	2,634,000	5.2%	2,766,000	5.0%	3,068,000	10.9%	3,465,000	12.9%
Transient (Bed Tax)	543,000	3.0%	692,000	27.4%	802,000	15.9%	851,000	6.1%	5,764,000	18.6%	5,907,000	2.5%	6,597,000	11.7%	7,398,000	12.1%
Amusements	113,000	-13.7%	115,000	1.8%	128,000	11.3%	142,000	10.9%	1,355,000	-10.3%	1,464,000	8.0%	1,567,000	7.0%	1,471,000	-6.1%
All Other	80,000	-12.1%	118,000	47.5%	80,000	-32.2%	98,000	22.5%	1,186,000	-12.2%	1,267,000	6.8%	1,279,000	0.9%	965,000	-24.6%
<b>Totals</b>	<b>11,026,000</b>	<b>-0.1%</b>	<b>11,646,000</b>	<b>5.6%</b>	<b>13,191,000</b>	<b>13.3%</b>	<b>13,021,000</b>	<b>-1.3%</b>	<b>128,368,000</b>	<b>1.8%</b>	<b>131,628,000</b>	<b>2.5%</b>	<b>137,479,000</b>	<b>4.4%</b>	<b>144,831,000</b>	<b>5.3%</b>
<b>Tax Revenues - Retail Activities Breakdown</b>																
Automotive	1,010,000	-2.8%	1,017,000	0.7%	1,345,000	32.3%	1,056,000	-21.5%	11,073,000	2.1%	11,000,000	-0.7%	11,474,000	4.3%	11,673,000	1.7%
Furniture/Equipment/Electronics	1,122,000	-5.2%	1,110,000	-1.1%	1,335,000	20.3%	991,000	-25.8%	14,074,000	-6.9%	13,853,000	-1.6%	14,179,000	2.4%	13,914,000	-1.9%
Department Stores	901,000	-9.8%	943,000	4.7%	980,000	3.9%	936,000	-4.5%	10,843,000	-5.0%	10,959,000	1.1%	11,238,000	2.5%	11,212,000	-0.2%
Grocery Stores	703,000	1.9%	695,000	-1.1%	782,000	12.5%	759,000	-2.9%	7,713,000	5.3%	7,898,000	2.4%	8,008,000	1.4%	8,363,000	4.4%
Drug/Small Stores	516,000	-9.5%	515,000	-0.2%	683,000	32.6%	760,000	11.3%	6,403,000	-5.6%	6,296,000	-1.7%	6,924,000	10.0%	7,430,000	7.3%
Manufacturing Firms	304,000	-0.3%	391,000	28.6%	244,000	-37.6%	258,000	5.7%	2,970,000	-11.9%	3,419,000	15.1%	3,199,000	-6.4%	3,375,000	5.5%
Building Supply Stores	220,000	2.3%	223,000	1.4%	239,000	7.2%	251,000	5.0%	2,059,000	-5.2%	2,317,000	12.5%	2,401,000	3.6%	2,522,000	5.0%
All Other Retail	743,000	10.9%	1,121,000	50.9%	1,453,000	29.6%	1,406,000	-3.2%	9,412,000	9.9%	11,462,000	21.8%	13,566,000	18.4%	16,126,000	18.9%
<b>Totals</b>	<b>5,519,000</b>	<b>-2.7%</b>	<b>6,015,000</b>	<b>9.0%</b>	<b>7,061,000</b>	<b>17.4%</b>	<b>6,417,000</b>	<b>-9.1%</b>	<b>64,547,000</b>	<b>-1.6%</b>	<b>67,204,000</b>	<b>4.1%</b>	<b>70,989,000</b>	<b>5.6%</b>	<b>74,615,000</b>	<b>5.1%</b>
<b>Tax Revenues - Business Districts</b>																
Elliot Corridor	1,451,000	-5.3%	1,525,000	5.1%	2,028,000	33.0%	1,633,000	-19.5%	17,466,000	-1.7%	17,053,000	-2.4%	17,583,000	3.1%	18,291,000	4.0%
Autoplex (included in Elliot Corridor)	678,000	-4.1%	702,000	3.5%	978,000	39.3%	684,000	-30.1%	7,594,000	2.2%	7,419,000	-2.3%	7,402,000	-0.2%	7,811,000	5.5%
Market Place	456,000	-5.8%	629,000	37.9%	464,000	-26.2%	436,000	-6.0%	5,435,000	-1.4%	5,480,000	0.8%	5,609,000	2.4%	5,462,000	-2.6%
Mills Mall	452,000	-12.7%	502,000	11.1%	501,000	-0.2%	436,000	-13.0%	5,477,000	-8.1%	5,535,000	1.1%	5,896,000	6.5%	5,462,000	-7.4%
Downtown Tempe	465,000	2.9%	453,000	-2.6%	464,000	2.4%	486,000	4.7%	4,579,000	7.3%	4,366,000	-4.7%	4,351,000	-0.3%	4,386,000	0.8%
Apache Blvd.	240,000	3.4%	209,000	-12.9%	286,000	36.8%	334,000	16.8%	2,462,000	-1.8%	2,358,000	-4.2%	2,457,000	4.2%	2,757,000	12.2%
ASU Properties	161,000	2.5%	177,000	9.9%	150,000	-15.3%	219,000	46.0%	2,039,000	-7.2%	2,012,000	-1.3%	2,214,000	10.0%	2,351,000	6.2%
Rio Salado	294,000	12.6%	421,000	43.2%	533,000	26.6%	552,000	3.6%	3,264,000	6.6%	3,878,000	18.8%	4,354,000	12.3%	5,409,000	24.2%
All Other Areas	7,507,000	1.4%	7,730,000	3.0%	8,765,000	13.4%	8,925,000	1.8%	87,646,000	3.3%	90,946,000	3.8%	95,015,000	4.5%	100,713,000	6.0%

**Privilege Tax Revenue - General Fund (1.2%)  
2017-18 Actual Compared to Budget**

**Monthly Amounts**

	2017-18 Budget		2017-18 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	8.4%	\$ 7,813,000	\$ 8,130,000	\$ 317,000	4.1%
Aug	7.5%	6,967,000	7,529,000	562,000	8.1%
Sep	8.2%	7,636,000	8,144,000	508,000	6.7%
Oct	8.5%	7,924,000	8,090,000	166,000	2.1%
Nov	7.5%	6,986,000	7,789,000	803,000	11.5%
Dec	8.2%	7,580,000	7,556,000	(24,000)	-0.3%
Jan	9.6%	8,918,000	8,938,000	20,000	0.2%
Feb	7.7%	7,190,000	7,826,000	636,000	8.8%
Mar	8.1%	7,478,000	8,085,000	607,000	8.1%
Apr	9.4%	8,704,000	8,986,000	282,000	3.2%
May	8.3%	7,720,000	7,903,000	183,000	2.4%
Jun	8.5%	7,896,000			
<b>Totals</b>	100.0%	\$ 92,812,000	\$ 88,976,000	\$ 4,060,000	

**Cumulative Amounts**

	2017-18 Budget		2017-18 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	8.4%	\$ 7,813,000	\$ 8,130,000	\$ 317,000	4.1%
Jul-Aug	15.9%	14,780,000	15,659,000	879,000	5.9%
Jul-Sep	24.2%	22,416,000	23,803,000	1,387,000	6.2%
Jul-Oct	32.7%	30,340,000	31,893,000	1,553,000	5.1%
Jul-Nov	40.2%	37,326,000	39,682,000	2,356,000	6.3%
Jul-Dec	48.4%	44,906,000	47,238,000	2,332,000	5.2%
Jul-Jan	58.0%	53,824,000	56,176,000	2,352,000	4.4%
Jul-Feb	65.7%	61,014,000	64,002,000	2,988,000	4.9%
Jul-Mar	73.8%	68,492,000	72,087,000	3,595,000	5.2%
Jul-Apr	83.2%	77,196,000	81,073,000	3,877,000	5.0%
Jul-May	91.5%	84,916,000	88,976,000	4,060,000	4.8%
Jul-Jun	100.0%	92,812,000			

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

Method	Privilege Tax		Over / (Under)	
	Projected	Budgeted	Amount	Percent
Percent of Increase	\$ 97,248,000	\$ 92,812,000	\$ 4,436,000	4.8%
Percentage Received	\$ 97,250,000	\$ 92,812,000	\$ 4,438,000	4.8%