

Memorandum



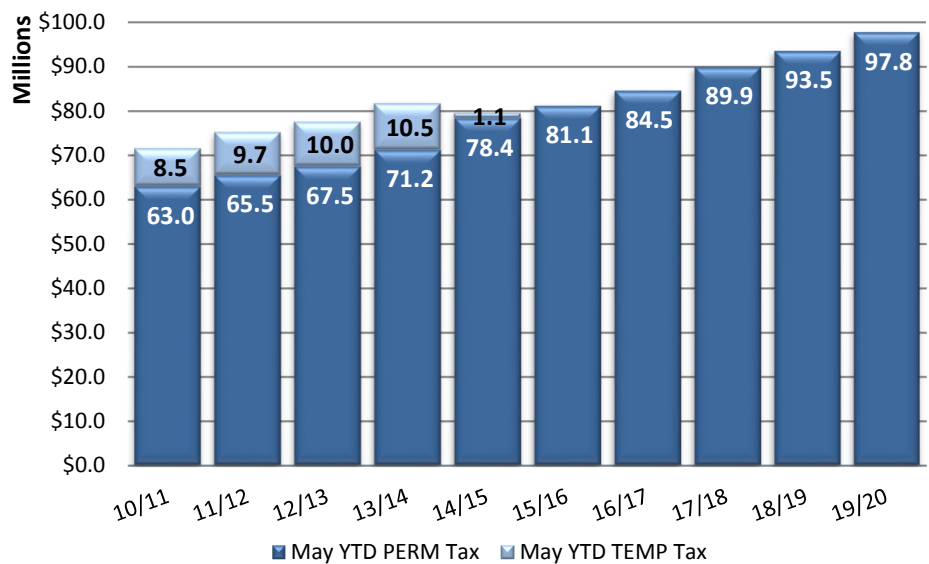
Municipal Budget Office

Date: June 26, 2020
 To: Mayor and Council
 Through: Mark Day, Municipal Budget Director (8697)
 From: Lauri Vickers, Municipal Budget & Finance Analyst (8980)
 Subject: Tax Revenue Statistical Report – May 2020

Attached is the Executive Summary of the Tax Revenue Statistical Report for May 2020 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.

Total year-to-date taxable sales increased by 3.7% (down from 5.5% last month) over the same year-to-date period in the prior fiscal year. Total sales tax revenue is also up 3.3% or \$5.0 million (down from 5.3% and \$7.3 million last month), as a result of growth in retail (\$4.2 million), contracting (\$2.0 million), and rentals (\$1.3 million) activity. The graph to the right depicts year-to-date General Fund historical sales tax revenue from FY 2010/11 through FY 2019/20. General Fund sales tax revenue is up 4.5% or \$4.3 million (down from 6.1% and \$5.2 million last month) over the prior year-to-date period.

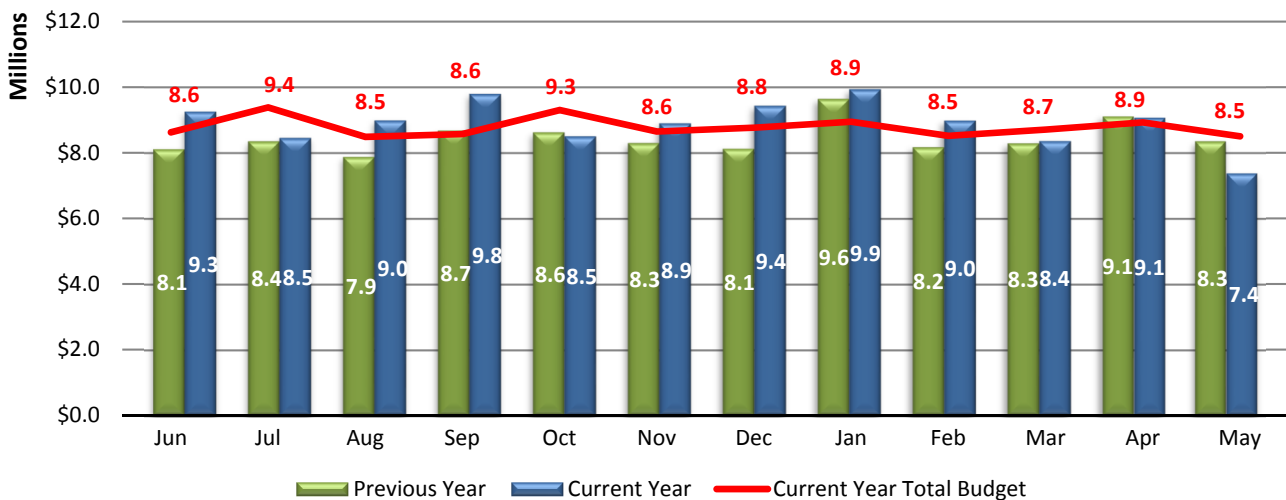
General Fund Sales Tax Collections through May



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

Although sales tax is 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 \$1.0 million (down from \$2.1 million last month) above budgeted projections year to date. Year to date sales tax collections are still exceeding budget projections as a result of economic activity exceeding expectations earlier in the fiscal year. However, the May General Fund collections are 11.6% below the same period last year, indicating that the economic impact of the COVID-19 pandemic are beginning to be reflected in the sales tax collections.

General Fund Monthly Sales Tax Collection vs. Previous Year



Executive Summary

	Current Month - May						Fiscal Year to Date - May									
	2016-17	Change	2017-18	Change	2018-19	Change	2019-20	Change	2016-17	Change	2017-18	Change	2018-19	Change	2019-20	Change
Taxable Sales																
Total Taxable Sales	705,270,000	14.3%	668,728,000	-5.2%	734,051,000	9.8%	626,249,000	-14.7%	7,436,618,000	5.1%	7,857,841,000	5.7%	8,202,430,000	4.4%	8,505,786,000	3.7%
Retail Taxable Sales	373,055,000	18.8%	376,782,000	1.0%	397,750,000	5.6%	362,978,000	-8.7%	3,787,361,000	6.0%	4,300,164,000	13.5%	4,431,545,000	3.1%	4,664,693,000	5.3%
Tax Revenues by Funds																
Privilege Tax - General Fund (1.2%)	8,036,000	14.8%	7,610,000	-5.3%	8,350,000	9.7%	7,381,000	-11.6%	84,535,000	4.2%	89,877,000	6.3%	93,518,000	4.1%	97,769,000	4.5%
Temporary Privilege Tax - General Fund (0.2%)	-	-100.0%	-	0.0%	-	0.0%	-	0.0%	24,000	-36.8%	-	-100.0%	-	0.0%	-	0.0%
Bed Tax - General Fund	802,000	15.9%	852,000	6.2%	845,000	-0.8%	196,000	-76.8%	6,597,000	11.7%	7,404,000	12.2%	8,063,000	8.9%	7,313,000	-9.3%
Privilege Tax Rebates - General Fund	314,000	-25.8%	295,000	-6.1%	360,000	22.0%	123,000	-65.8%	3,811,000	1.6%	3,713,000	-2.6%	4,185,000	12.7%	3,583,000	-14.4%
Transit Tax Fund (0.5%)	3,351,000	14.8%	3,174,000	-5.3%	3,482,000	9.7%	3,076,000	-11.7%	35,259,000	4.2%	37,476,000	6.3%	38,997,000	4.1%	40,759,000	4.5%
Performing Arts Tax Fund (0.1%)	688,000	13.2%	652,000	-5.2%	717,000	10.0%	622,000	-13.2%	7,253,000	3.9%	7,710,000	6.3%	8,041,000	4.3%	8,360,000	4.0%
Totals	13,191,000	13.3%	12,583,000	-4.6%	13,754,000	9.3%	11,398,000	-17.1%	137,479,000	4.4%	146,180,000	6.3%	152,804,000	4.5%	157,784,000	3.3%
Tax Revenues by Business Activities																
Retail	7,061,000	17.4%	6,782,000	-4.0%	7,159,000	5.6%	6,534,000	-8.7%	70,989,000	5.6%	77,403,000	9.0%	79,768,000	3.1%	83,964,000	5.3%
Rentals	2,049,000	5.8%	2,253,000	10.0%	2,543,000	12.9%	2,360,000	-7.2%	22,978,000	2.9%	24,455,000	6.4%	27,539,000	12.6%	28,832,000	4.7%
Utilities/Communication	688,000	3.8%	558,000	-18.9%	532,000	-4.7%	480,000	-9.8%	9,129,000	0.9%	7,471,000	-18.2%	7,328,000	-1.9%	7,085,000	-3.3%
Restaurants	1,133,000	8.5%	1,182,000	4.3%	1,251,000	5.8%	609,000	-51.3%	11,171,000	3.6%	12,151,000	8.8%	12,360,000	1.7%	11,444,000	-7.4%
Contracting	891,000	18.3%	455,000	-48.9%	899,000	97.6%	1,085,000	20.7%	10,701,000	-1.4%	12,252,000	14.5%	12,383,000	1.1%	14,377,000	16.1%
Hotel/Motel	359,000	15.8%	326,000	-9.2%	315,000	-3.4%	74,000	-76.5%	3,068,000	10.9%	2,766,000	-9.8%	3,030,000	9.5%	2,694,000	-11.1%
Transient (Bed Tax)	802,000	15.9%	852,000	6.2%	845,000	-0.8%	196,000	-76.8%	6,597,000	11.7%	7,404,000	12.2%	8,063,000	8.9%	7,313,000	-9.3%
Amusements	128,000	11.3%	127,000	-0.8%	121,000	-4.7%	2,000	-98.3%	1,567,000	7.0%	1,273,000	-18.8%	1,310,000	2.9%	1,217,000	-7.1%
All Other	80,000	-32.2%	48,000	-40.0%	89,000	85.4%	58,000	-34.8%	1,279,000	0.9%	1,005,000	-21.4%	1,023,000	1.8%	858,000	-16.1%
Totals	13,191,000	13.3%	12,583,000	-4.6%	13,754,000	9.3%	11,398,000	-17.1%	137,479,000	4.4%	146,180,000	6.3%	152,804,000	4.5%	157,784,000	3.3%
Retail Tax Revenues by Activities																
Automotive	1,345,000	32.3%	1,075,000	-20.1%	1,111,000	3.3%	875,000	-21.2%	11,474,000	4.3%	11,811,000	2.9%	12,329,000	4.4%	12,342,000	0.1%
Building Supply Stores	239,000	7.2%	301,000	25.9%	334,000	11.0%	355,000	6.3%	2,401,000	3.6%	2,941,000	22.5%	3,153,000	7.2%	3,379,000	7.2%
Department Stores	980,000	3.9%	913,000	-6.8%	981,000	7.4%	758,000	-22.7%	11,238,000	2.5%	11,042,000	-1.7%	11,045,000	0.0%	11,097,000	0.5%
Drug/Small Stores	683,000	32.6%	1,062,000	55.5%	1,106,000	4.1%	850,000	-23.1%	6,924,000	10.0%	11,123,000	60.6%	11,918,000	7.1%	12,735,000	6.9%
Furniture/Equipment/Electronics	1,335,000	20.3%	420,000	-68.5%	515,000	22.6%	415,000	-19.4%	14,179,000	2.4%	7,027,000	-50.4%	6,140,000	-12.6%	5,897,000	-4.0%
Grocery Stores	782,000	12.5%	779,000	-0.4%	817,000	4.9%	864,000	5.8%	8,008,000	1.4%	8,757,000	9.4%	9,004,000	2.8%	9,359,000	3.9%
Manufacturing Firms	244,000	-37.6%	666,000	173.0%	536,000	-19.5%	517,000	-3.5%	3,199,000	-6.4%	7,054,000	120.5%	7,217,000	2.3%	6,466,000	-10.4%
All Other Retail	1,453,000	29.6%	1,566,000	7.8%	1,759,000	12.3%	1,900,000	8.0%	13,566,000	18.4%	17,648,000	30.1%	18,962,000	7.4%	22,689,000	19.7%
Totals	7,061,000	17.4%	6,782,000	-4.0%	7,159,000	5.6%	6,534,000	-8.7%	70,989,000	5.6%	77,403,000	9.0%	79,768,000	3.1%	83,964,000	5.3%

**Privilege Tax Revenue - General Fund (1.2%)
2019-20 Actual Compared to Budget**

Monthly Amounts

	2019-20 Budget		2019-20 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	8.9%	\$ 9,384,000	\$ 8,451,000	\$ (933,000)	-9.9%
Aug	8.1%	8,485,000	8,983,000	498,000	5.9%
Sep	8.1%	8,570,000	9,790,000	1,220,000	14.2%
Oct	8.8%	9,304,000	8,503,000	(801,000)	-8.6%
Nov	8.2%	8,650,000	8,895,000	245,000	2.8%
Dec	8.3%	8,764,000	9,430,000	666,000	7.6%
Jan	8.5%	8,946,000	9,930,000	984,000	11.0%
Feb	8.1%	8,519,000	8,980,000	461,000	5.4%
Mar	8.3%	8,707,000	8,359,000	(348,000)	-4.0%
Apr	8.5%	8,925,000	9,067,000	142,000	1.6%
May	8.1%	8,504,000	7,381,000	(1,123,000)	-13.2%
Jun	8.2%	8,622,000			
Totals	100.0%	\$ 105,380,000	\$ 97,769,000	\$ 1,011,000	1.0%

Cumulative Amounts

	2019-20 Budget		2019-20 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	8.9%	\$ 9,384,000	\$ 8,451,000	\$ (933,000)	-9.9%
Jul-Aug	17.0%	17,869,000	17,434,000	(435,000)	-2.4%
Jul-Sep	25.1%	26,439,000	27,224,000	785,000	3.0%
Jul-Oct	33.9%	35,743,000	35,727,000	(16,000)	0.0%
Jul-Nov	42.1%	44,393,000	44,622,000	229,000	0.5%
Jul-Dec	50.4%	53,157,000	54,052,000	895,000	1.7%
Jul-Jan	58.9%	62,103,000	63,982,000	1,879,000	3.0%
Jul-Feb	67.0%	70,622,000	72,962,000	2,340,000	3.3%
Jul-Mar	75.3%	79,329,000	81,321,000	1,992,000	2.5%
Jul-Apr	83.7%	88,254,000	90,388,000	2,134,000	2.4%
Jul-May	91.8%	96,758,000	97,769,000	1,011,000	1.0%
Jul-Jun	100.0%	105,380,000			

Tax and License Annual Privilege Tax Revenue Projections

Method	Privilege Tax		Over / (Under)	
	Projected	Budgeted	Amount	Percent
Percent of Increase	\$ 107,442,000	\$ 105,380,000	\$ 2,062,000	2.0%
Percentage Received	\$ 106,481,000	\$ 105,380,000	\$ 1,101,000	1.0%