

# Memorandum

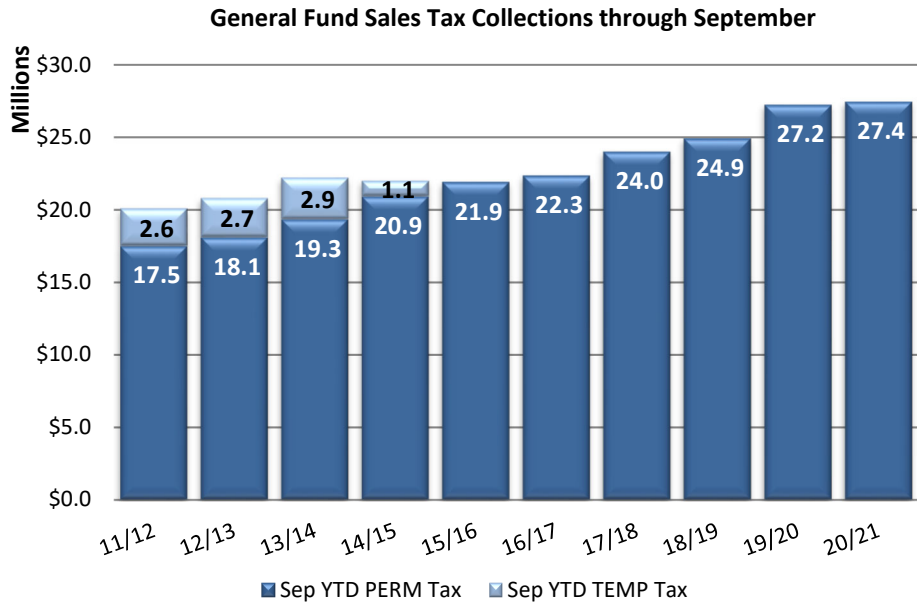


## Municipal Budget Office

Date: October 16, 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 – September 2020

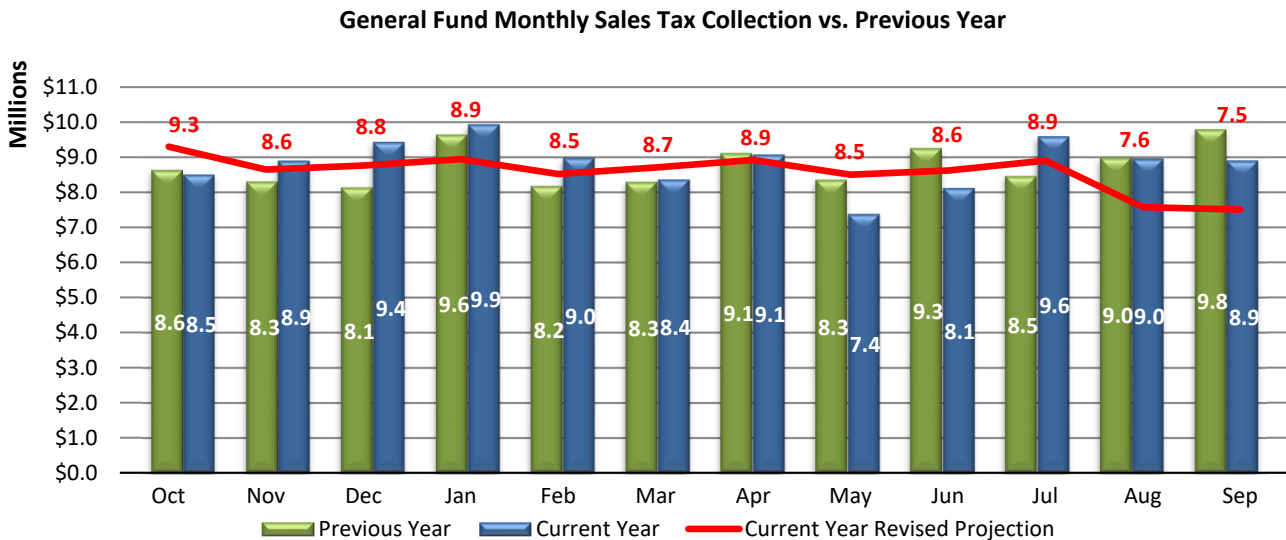
Attached is the Executive Summary of the Tax Revenue Statistical Report for September 2020 covering August sales activity reported to the Arizona Department of Revenue (ADOR).

Total fiscal year-to-date taxable sales decreased by 0.7% over the same year-to-date period in the prior fiscal year. A large portion of the decrease is due to a one-time collection that occurred in September 2019. Total sales tax revenue is also down 1.7% or \$742 thousand, despite the growth in retail (\$1.5 million), rentals (\$469 thousand), and utilities (\$29 thousand) activity. The graph to the right depicts year-to-date General Fund historical sales tax revenue from FY 2011/12 through FY 2020/21. General Fund sales tax revenue is up 0.8% or \$217 thousand over the prior year-to-date period.



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 projected on a monthly basis, the graph below applies historical collection percentages to a revised revenue projection to gain insight into sales tax performance. The Municipal Budget Office developed a revised revenue projection for FY 2020-21 to reflect the anticipated economic impact of the COVID-19 pandemic. Using this approach, fiscal year-to-date sales tax collections in the General Fund are \$1.4 million above the revised revenue projection. Higher than anticipated activity in retail and a one-time revenue collection in July have contributed to revenues exceeding projections.



## Executive Summary

### Current Month - September

### Fiscal Year to Date - September

	Current Month - September				Fiscal Year to Date - September											
	2017-18	Change	2018-19	Change	2019-20	Change	2020-21	Change	2017-18	Change	2018-19	Change	2019-20	Change	2020-21	Change
<b>Taxable Sales</b>																
Total Taxable Sales	723,575,000	11.7%	753,787,000	4.2%	847,433,000	12.4%	763,290,000	-9.9%	2,078,599,000	6.8%	2,162,660,000	4.0%	2,363,456,000	9.3%	2,347,205,000	-0.7%
Retail Taxable Sales	405,405,000	23.0%	415,664,000	2.5%	432,649,000	4.1%	444,970,000	2.8%	1,161,652,000	18.3%	1,210,808,000	4.2%	1,269,041,000	4.8%	1,349,761,000	6.4%
<b>Tax Revenues by Funds</b>																
Privilege Tax - General Fund (1.2%)	8,331,000	13.0%	8,679,000	4.2%	9,790,000	12.8%	8,900,000	-9.1%	23,993,000	7.4%	24,912,000	3.8%	27,225,000	9.3%	27,442,000	0.8%
Bed Tax - General Fund	409,000	8.2%	444,000	8.6%	506,000	14.0%	300,000	-40.7%	1,153,000	1.6%	1,247,000	8.2%	1,505,000	20.7%	806,000	-46.4%
Privilege Tax Rebates - General Fund	354,000	2.3%	368,000	4.0%	361,000	-1.9%	265,000	-26.6%	945,000	-4.8%	1,049,000	11.0%	1,090,000	3.9%	751,000	-31.1%
Transit Tax Fund (0.5%)	3,476,000	13.0%	3,616,000	4.0%	4,084,000	12.9%	3,709,000	-9.2%	10,005,000	7.3%	10,380,000	3.7%	11,354,000	9.4%	11,435,000	0.7%
Performing Arts Tax Fund (0.1%)	715,000	12.6%	745,000	4.2%	837,000	12.3%	757,000	-9.6%	2,056,000	6.9%	2,138,000	4.0%	2,333,000	9.1%	2,331,000	-0.1%
<b>Totals</b>	<u>13,285,000</u>	<u>12.5%</u>	<u>13,852,000</u>	<u>4.3%</u>	<u>15,578,000</u>	<u>12.5%</u>	<u>13,931,000</u>	<u>-10.6%</u>	<u>38,152,000</u>	<u>6.7%</u>	<u>39,726,000</u>	<u>4.1%</u>	<u>43,507,000</u>	<u>9.5%</u>	<u>42,765,000</u>	<u>-1.7%</u>
<b>Tax Revenues by Business Activities</b>																
Retail	7,297,000	19.4%	7,482,000	2.5%	7,788,000	4.1%	8,009,000	2.8%	20,910,000	13.4%	21,795,000	4.2%	22,843,000	4.8%	24,296,000	6.4%
Rentals	1,963,000	7.1%	2,243,000	14.3%	2,466,000	9.9%	2,668,000	8.2%	6,258,000	3.8%	6,862,000	9.7%	7,614,000	11.0%	8,083,000	6.2%
Utilities/Communication	942,000	-17.0%	937,000	-0.5%	904,000	-3.5%	902,000	-0.2%	2,617,000	-15.4%	2,575,000	-1.6%	2,420,000	-6.0%	2,449,000	1.2%
Restaurants	990,000	5.9%	1,006,000	1.6%	1,043,000	3.7%	846,000	-18.9%	2,870,000	4.9%	2,975,000	3.7%	3,149,000	5.8%	2,428,000	-22.9%
Contracting	1,258,000	39.0%	1,272,000	1.1%	2,488,000	95.6%	1,023,000	-58.9%	3,262,000	9.4%	3,102,000	-4.9%	4,832,000	55.8%	4,122,000	-14.7%
Hotel/Motel	158,000	-14.1%	169,000	7.0%	190,000	12.4%	114,000	-40.0%	441,000	-21.9%	492,000	11.6%	567,000	15.2%	306,000	-46.0%
Transient (Bed Tax)	409,000	8.2%	444,000	8.6%	506,000	14.0%	300,000	-40.7%	1,153,000	1.6%	1,247,000	8.2%	1,505,000	20.7%	806,000	-46.4%
Amusements	98,000	-16.9%	90,000	-8.2%	103,000	14.4%	26,000	-74.8%	346,000	-15.6%	337,000	-2.6%	378,000	12.2%	115,000	-69.6%
All Other	170,000	-18.3%	209,000	22.9%	90,000	-56.9%	43,000	-52.2%	295,000	-16.2%	341,000	15.6%	199,000	-41.6%	160,000	-19.6%
<b>Totals</b>	<u>13,285,000</u>	<u>12.5%</u>	<u>13,852,000</u>	<u>4.3%</u>	<u>15,578,000</u>	<u>12.5%</u>	<u>13,931,000</u>	<u>-10.6%</u>	<u>38,152,000</u>	<u>6.7%</u>	<u>39,726,000</u>	<u>4.1%</u>	<u>43,507,000</u>	<u>9.5%</u>	<u>42,765,000</u>	<u>-1.7%</u>
<b>Retail Tax Revenues by Activities</b>																
Automotive	1,089,000	10.0%	1,156,000	6.2%	1,301,000	12.5%	1,152,000	-11.5%	3,266,000	10.2%	3,388,000	3.7%	3,632,000	7.2%	3,434,000	-5.5%
Building Supply Stores	265,000	45.6%	266,000	0.4%	298,000	12.0%	328,000	10.1%	848,000	34.0%	851,000	0.4%	943,000	10.8%	1,042,000	10.5%
Department Stores	1,179,000	6.1%	1,115,000	-5.4%	1,154,000	3.5%	1,120,000	-2.9%	3,004,000	-2.1%	3,005,000	0.0%	3,095,000	3.0%	3,052,000	-1.4%
Drug/Small Stores	1,017,000	69.8%	1,117,000	9.8%	1,215,000	8.8%	1,221,000	0.5%	2,690,000	56.0%	3,122,000	16.1%	3,465,000	11.0%	3,779,000	9.1%
Furniture/Equipment/Electronics	697,000	-44.7%	559,000	-19.8%	491,000	-12.2%	610,000	24.2%	2,142,000	-44.8%	1,790,000	-16.4%	1,812,000	1.2%	2,041,000	12.6%
Grocery Stores	761,000	9.7%	794,000	4.3%	780,000	-1.8%	841,000	7.8%	2,187,000	8.1%	2,243,000	2.6%	2,266,000	1.0%	2,498,000	10.2%
Manufacturing Firms	655,000	137.3%	766,000	16.9%	783,000	2.2%	631,000	-19.4%	1,776,000	92.0%	2,254,000	26.9%	2,057,000	-8.7%	1,841,000	-10.5%
All Other Retail	1,634,000	63.4%	1,709,000	4.6%	1,766,000	3.3%	2,106,000	19.3%	4,997,000	55.2%	5,142,000	2.9%	5,573,000	8.4%	6,609,000	18.6%
<b>Totals</b>	<u>7,297,000</u>	<u>19.4%</u>	<u>7,482,000</u>	<u>2.5%</u>	<u>7,788,000</u>	<u>4.1%</u>	<u>8,009,000</u>	<u>2.8%</u>	<u>20,910,000</u>	<u>13.4%</u>	<u>21,795,000</u>	<u>4.2%</u>	<u>22,843,000</u>	<u>4.8%</u>	<u>24,296,000</u>	<u>6.4%</u>

**Privilege Tax Revenue - General Fund (1.2%)  
2020-21 Actual Compared to Revised Projection**

**Monthly Amounts**

	2020-21 Revised Projection		2020-21 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	8.9%	\$ 8,906,000	\$ 9,587,000	\$ 681,000	7.6%
Aug	7.6%	7,575,000	8,955,000	1,380,000	18.2%
Sep	7.5%	7,509,000	8,900,000	1,391,000	18.5%
Oct	8.4%	8,464,000			
Nov	7.2%	7,246,000			
Dec	7.8%	7,803,000			
Jan	8.7%	8,756,000			
Feb	8.5%	8,488,000			
Mar	9.1%	9,140,000			
Apr	8.9%	8,898,000			
May	8.5%	8,542,000			
Jun	8.9%	8,919,000			
<b>Totals</b>	<b>100.0%</b>	<b>\$ 100,246,000</b>	<b>\$ 27,442,000</b>	<b>\$ 3,452,000</b>	<b>3.4%</b>

**Cumulative Amounts**

	2020-21 Revised Projection		2020-21 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	8.9%	\$ 8,906,000	\$ 9,587,000	\$ 681,000	7.6%
Jul-Aug	16.4%	16,481,000	18,542,000	2,061,000	12.5%
Jul-Sep	23.9%	23,990,000	27,442,000	3,452,000	14.4%
Jul-Oct	32.4%	32,454,000			
Jul-Nov	39.6%	39,700,000			
Jul-Dec	47.4%	47,503,000			
Jul-Jan	56.1%	56,259,000			
Jul-Feb	64.6%	64,747,000			
Jul-Mar	73.7%	73,887,000			
Jul-Apr	82.6%	82,785,000			
Jul-May	91.1%	91,327,000			
Jul-Jun	100.0%	100,246,000			

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

Method	Privilege Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
Percent of Increase	\$ 106,734,000	\$ 100,246,000	\$ 6,488,000	6.5%
Percentage Received	\$ 114,671,000	\$ 100,246,000	\$ 14,425,000	14.4%