

Memorandum



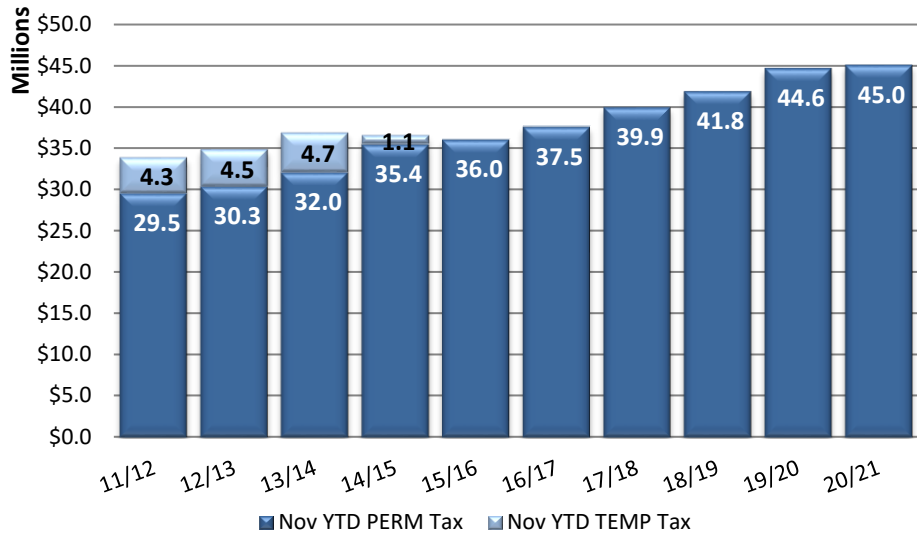
Municipal Budget Office

Date: December 18, 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 – November 2020

Attached is the Executive Summary of the Tax Revenue Statistical Report for November 2020 covering October 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. Total sales tax *revenue* is down 2.0% or \$1.4 million, despite the growth in retail (\$2.9 million) and rentals (\$519 thousand) activity. All other categories of taxable activity were down. 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 0.9% or \$399 thousand over the prior year-to-date period.

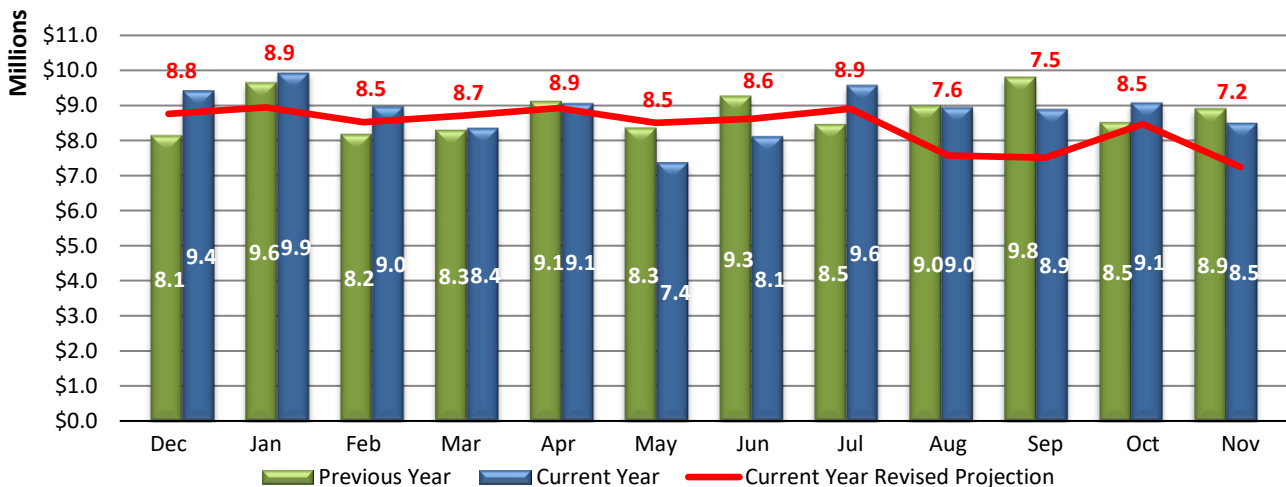
General Fund Sales Tax Collections through November



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 anticipate economic impact of the COVID-19 pandemic. Using this approach, fiscal year-to-date sales tax collections in the General Fund are \$5.3 million above the revised revenue projection. The increase in retail sales has been offsetting the decreases in almost every other taxable activity. The increases in retail sales includes the collection of sales tax on online sales since November 2019. As of November 2020, the underlying weakness in the year over year economic activity is becoming apparent.

General Fund Monthly Sales Tax Collection vs. Previous Year



Executive Summary

Current Month - November

Fiscal Year to Date - November

	2017-18		2018-19		2019-20		2020-21		2017-18		2018-19		2019-20		2020-21	
		Change		Change		Change		Change		Change		Change		Change		Change
Taxable Sales																
Total Taxable Sales	658,441,000	8.8%	725,431,000	10.2%	777,781,000	7.2%	732,496,000	-5.8%	3,463,483,000	6.3%	3,637,169,000	5.0%	3,885,487,000	6.8%	3,859,248,000	-0.7%
Retail Taxable Sales	366,728,000	25.0%	379,800,000	3.6%	407,750,000	7.4%	427,177,000	4.8%	1,908,157,000	17.4%	1,985,835,000	4.1%	2,064,445,000	4.0%	2,225,376,000	7.8%
Tax Revenues by Funds																
Privilege Tax - General Fund (1.2%)	7,524,000	6.7%	8,298,000	10.3%	8,895,000	7.2%	8,503,000	-4.4%	39,892,000	6.2%	41,836,000	4.9%	44,623,000	6.7%	45,022,000	0.9%
Bed Tax - General Fund	661,000	42.2%	794,000	20.1%	790,000	-0.5%	381,000	-51.8%	2,242,000	8.3%	2,508,000	11.9%	3,026,000	20.7%	1,509,000	-50.1%
Privilege Tax Rebates - General Fund	307,000	-3.5%	304,000	-1.0%	346,000	13.8%	275,000	-20.5%	1,591,000	-3.6%	1,704,000	7.1%	1,787,000	4.9%	1,312,000	-26.6%
Transit Tax Fund (0.5%)	3,138,000	6.7%	3,458,000	10.2%	3,714,000	7.4%	3,543,000	-4.6%	16,635,000	6.2%	17,440,000	4.8%	18,614,000	6.7%	18,760,000	0.8%
Performing Arts Tax Fund (0.1%)	645,000	6.4%	710,000	10.1%	762,000	7.3%	725,000	-4.9%	3,419,000	5.9%	3,587,000	4.9%	3,825,000	6.6%	3,829,000	0.1%
Totals	12,275,000	7.9%	13,564,000	10.5%	14,507,000	7.0%	13,427,000	-7.4%	63,779,000	6.0%	67,075,000	5.2%	71,875,000	7.2%	70,432,000	-2.0%
Tax Revenues by Business Activities																
Retail	6,601,000	15.4%	6,836,000	3.6%	7,340,000	7.4%	7,689,000	4.8%	34,239,000	11.7%	35,745,000	4.4%	37,160,000	4.0%	40,057,000	7.8%
Rentals	1,675,000	-19.2%	2,499,000	49.2%	2,617,000	4.7%	2,499,000	-4.5%	10,618,000	1.4%	11,924,000	12.3%	12,831,000	7.6%	13,350,000	4.0%
Utilities/Communication	745,000	-6.9%	727,000	-2.4%	718,000	-1.2%	682,000	-5.0%	4,175,000	-15.4%	4,119,000	-1.3%	3,999,000	-2.9%	3,971,000	-0.7%
Restaurants	1,127,000	13.5%	1,132,000	0.4%	1,136,000	0.4%	965,000	-15.1%	5,094,000	8.4%	5,184,000	1.8%	5,390,000	4.0%	4,312,000	-20.0%
Contracting	962,000	6.1%	1,104,000	14.8%	1,402,000	27.0%	858,000	-38.8%	4,768,000	-3.9%	4,999,000	4.8%	5,814,000	16.3%	5,194,000	-10.7%
Hotel/Motel	249,000	18.0%	297,000	19.3%	297,000	0.0%	145,000	-51.2%	853,000	-20.1%	968,000	13.5%	1,093,000	12.9%	575,000	-47.4%
Transient (Bed Tax)	661,000	42.2%	794,000	20.1%	790,000	-0.5%	381,000	-51.8%	2,242,000	8.3%	2,508,000	11.9%	3,026,000	20.7%	1,509,000	-50.1%
Non-Recurring Business Activities	6,000	100.0%	-	-100.0%	-	0.0%	1,000	100.0%	680,000	100.0%	535,000	-21.3%	1,596,000	198.3%	865,000	-45.8%
Amusements	89,000	-12.7%	95,000	6.7%	101,000	6.3%	63,000	-37.6%	547,000	-22.0%	541,000	-1.1%	584,000	7.9%	243,000	-58.4%
All Other	160,000	46.8%	80,000	-50.0%	106,000	32.5%	144,000	35.8%	563,000	-11.2%	552,000	-2.0%	382,000	-30.8%	356,000	-6.8%
Totals	12,275,000	7.9%	13,564,000	10.5%	14,507,000	7.0%	13,427,000	-7.4%	63,779,000	6.0%	67,075,000	5.2%	71,875,000	7.2%	70,432,000	-2.0%
Retail Tax Revenues by Activities																
Automotive	1,127,000	36.3%	1,077,000	-4.4%	1,029,000	-4.5%	1,184,000	15.1%	5,335,000	8.9%	5,641,000	5.7%	5,758,000	2.1%	5,809,000	0.9%
Building Supply Stores	269,000	17.0%	280,000	4.1%	398,000	42.1%	348,000	-12.6%	1,387,000	27.1%	1,410,000	1.7%	1,526,000	8.2%	1,726,000	13.1%
Department Stores	875,000	-0.2%	884,000	1.0%	921,000	4.2%	965,000	4.8%	4,764,000	-2.1%	4,787,000	0.5%	4,939,000	3.2%	4,992,000	1.1%
Drug/Small Stores	878,000	43.0%	969,000	10.4%	1,129,000	16.5%	1,233,000	9.2%	4,413,000	52.3%	5,057,000	14.6%	5,690,000	12.5%	6,325,000	11.2%
Furniture/Equipment/Electronics	665,000	-56.6%	474,000	-28.7%	540,000	13.9%	561,000	3.9%	3,563,000	-45.6%	2,906,000	-18.4%	2,887,000	-0.7%	3,214,000	11.3%
Grocery Stores	730,000	77.6%	792,000	8.5%	749,000	-5.4%	757,000	1.1%	3,667,000	15.4%	3,840,000	4.7%	3,828,000	-0.3%	4,122,000	7.7%
Manufacturing Firms	524,000	111.3%	585,000	11.6%	554,000	-5.3%	508,000	-8.3%	3,103,000	105.6%	3,480,000	12.1%	3,052,000	-12.3%	2,955,000	-3.2%
All Other Retail	1,533,000	56.3%	1,775,000	15.8%	2,020,000	13.8%	2,133,000	5.6%	8,007,000	41.8%	8,624,000	7.7%	9,480,000	9.9%	10,914,000	15.1%
Totals	6,601,000	15.4%	6,836,000	3.6%	7,340,000	7.4%	7,689,000	4.8%	34,239,000	11.7%	35,745,000	4.4%	37,160,000	4.0%	40,057,000	7.8%

**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	9,077,000	613,000	7.2%
Nov	7.2%	7,246,000	8,503,000	1,257,000	17.3%
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			
Totals	100.0%	\$ 100,246,000	\$ 45,022,000	\$ 5,322,000	5.3%

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	36,519,000	4,065,000	12.5%
Jul-Nov	39.6%	39,700,000	45,022,000	5,322,000	13.4%
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	\$ 106,837,000	\$ 100,246,000	\$ 6,591,000	6.6%
Percentage Received	\$ 113,685,000	\$ 100,246,000	\$ 13,439,000	13.4%