

Memorandum



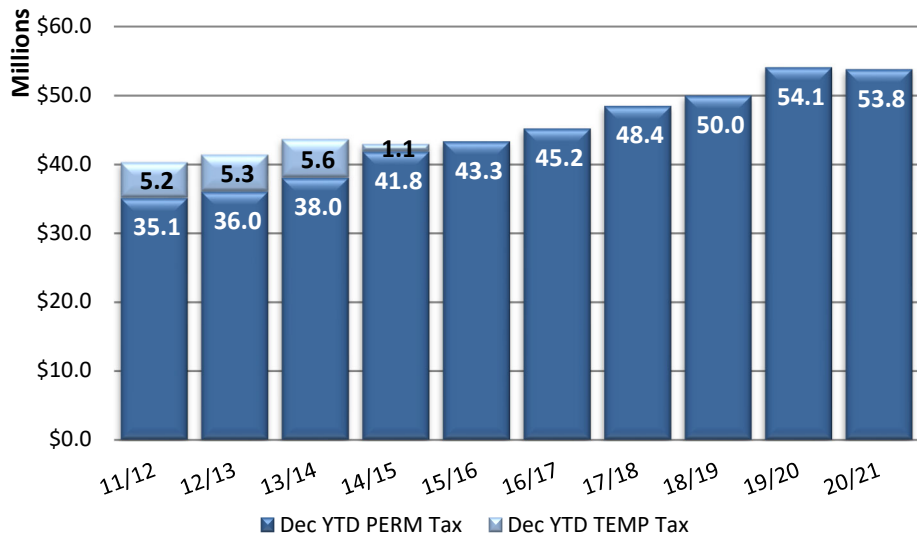
Municipal Budget Office

Date: January 15, 2021
 To: Mayor and Council
 Through: Mark Day, Municipal Budget Director (8697)
 From: Lauri Vickers, Municipal Budget & Finance Analyst (8980)
 Subject: Tax Revenue Statistical Report – December 2020

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

Total fiscal year-to-date taxable *sales* decreased by 2.1% over the same year-to-date period in the prior fiscal year. Total sales tax *revenue* is down 3.5% or \$3.0 million, despite the growth in retail (\$2.6 million) and rentals (\$475 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 down 0.5% or \$268 thousand over the prior year-to-date period.

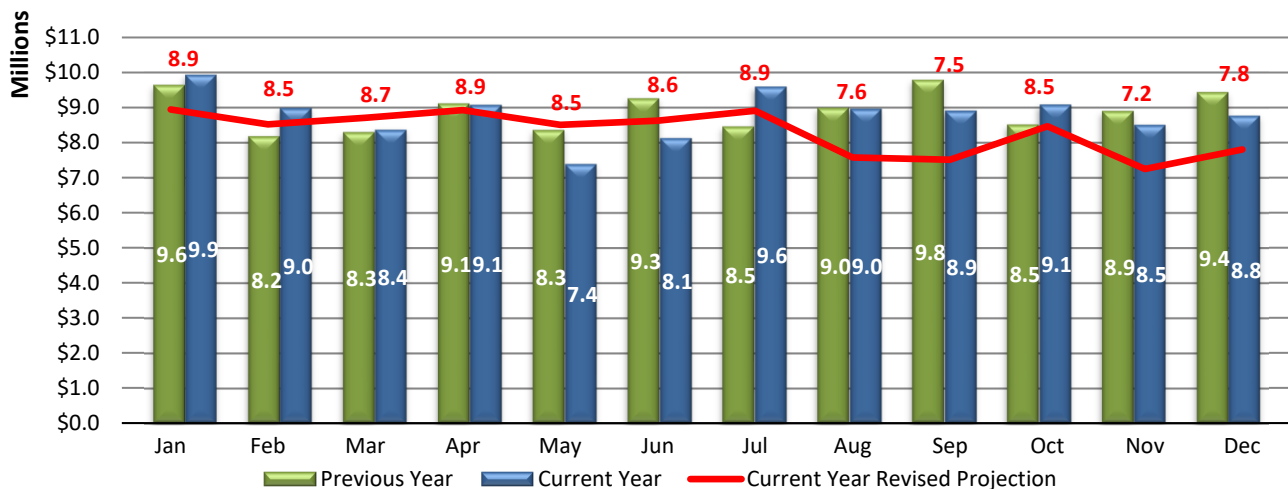
General Fund Sales Tax Collections through December



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 \$6.3 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 December 2020, the underlying weakness in the year over year economic activity started becoming apparent.

General Fund Monthly Sales Tax Collection vs. Previous Year



Executive Summary

Current Month - December

Fiscal Year to Date - December

	2017-18		2018-19		2019-20		2020-21		2017-18		2018-19		2019-20		2020-21	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change
Taxable Sales																
Total Taxable Sales	746,575,000	11.4%	710,492,000	-4.8%	826,634,000	16.3%	754,593,000	-8.7%	4,210,058,000	7.2%	4,347,661,000	3.3%	4,712,121,000	8.4%	4,613,840,000	-2.1%
Retail Taxable Sales	366,212,000	7.2%	406,862,000	11.1%	448,257,000	10.2%	437,187,000	-2.5%	2,274,369,000	15.7%	2,392,697,000	5.2%	2,512,702,000	5.0%	2,662,564,000	6.0%
Tax Revenues by Funds																
Privilege Tax - General Fund (1.2%)	8,556,000	12.4%	8,127,000	-5.0%	9,430,000	16.0%	8,762,000	-7.1%	48,448,000	7.3%	49,963,000	3.1%	54,052,000	8.2%	53,784,000	-0.5%
Bed Tax - General Fund	616,000	8.1%	716,000	16.2%	890,000	24.3%	367,000	-58.8%	2,858,000	8.2%	3,224,000	12.8%	3,917,000	21.5%	1,876,000	-52.1%
Privilege Tax Rebates - General Fund	358,000	-4.3%	321,000	-10.3%	392,000	22.1%	291,000	-25.8%	1,948,000	-3.8%	2,026,000	4.0%	2,179,000	7.6%	1,603,000	-26.4%
Transit Tax Fund (0.5%)	3,568,000	12.4%	3,386,000	-5.1%	3,929,000	16.0%	3,651,000	-7.1%	20,203,000	7.3%	20,826,000	3.1%	22,543,000	8.2%	22,411,000	-0.6%
Performing Arts Tax Fund (0.1%)	734,000	11.7%	696,000	-5.2%	809,000	16.2%	747,000	-7.7%	4,153,000	6.9%	4,283,000	3.1%	4,634,000	8.2%	4,576,000	-1.3%
Totals	13,832,000	11.6%	13,246,000	-4.2%	15,450,000	16.6%	13,818,000	-10.6%	77,610,000	6.9%	80,322,000	3.5%	87,325,000	8.7%	84,250,000	-3.5%
Tax Revenues by Business Activities																
Retail	6,592,000	3.8%	7,324,000	11.1%	8,069,000	10.2%	7,768,000	-3.7%	40,831,000	10.4%	43,069,000	5.5%	45,229,000	5.0%	47,825,000	5.7%
Rentals	2,203,000	7.6%	2,355,000	6.9%	2,764,000	17.4%	2,720,000	-1.6%	12,821,000	2.4%	14,279,000	11.4%	15,595,000	9.2%	16,070,000	3.0%
Utilities/Communication	567,000	-33.0%	560,000	-1.2%	537,000	-4.1%	536,000	-0.2%	4,741,000	-18.0%	4,680,000	-1.3%	4,536,000	-3.1%	4,507,000	-0.6%
Restaurants	1,064,000	3.5%	1,100,000	3.4%	1,204,000	9.5%	944,000	-21.6%	6,158,000	7.6%	6,284,000	2.0%	6,593,000	4.9%	5,256,000	-20.3%
Contracting	850,000	-8.4%	704,000	-17.2%	1,015,000	44.2%	826,000	-18.6%	5,618,000	-4.6%	5,703,000	1.5%	6,829,000	19.7%	6,020,000	-11.8%
Hotel/Motel	229,000	-12.9%	267,000	16.6%	333,000	24.7%	155,000	-53.5%	1,082,000	-18.6%	1,235,000	14.1%	1,426,000	15.5%	730,000	-48.8%
Transient (Bed Tax)	616,000	8.1%	716,000	16.2%	890,000	24.3%	367,000	-58.8%	2,858,000	8.2%	3,224,000	12.8%	3,917,000	21.5%	1,876,000	-52.1%
Non-Recurring Business Activities	1,508,000	100.0%	12,000	-99.2%	419,000	3391.7%	378,000	-9.8%	2,188,000	100.0%	547,000	-75.0%	2,015,000	268.4%	1,243,000	-38.3%
Amusements	109,000	-29.7%	100,000	-8.3%	129,000	29.0%	72,000	-44.2%	656,000	-23.4%	641,000	-2.3%	713,000	11.2%	315,000	-55.8%
All Other	94,000	-52.8%	108,000	14.9%	90,000	-16.7%	52,000	-42.2%	657,000	-21.3%	660,000	0.5%	472,000	-28.5%	408,000	-13.6%
Totals	13,832,000	11.6%	13,246,000	-4.2%	15,450,000	16.6%	13,818,000	-10.6%	77,610,000	6.9%	80,322,000	3.5%	87,325,000	8.7%	84,250,000	-3.5%
Retail Tax Revenues by Activities																
Automotive	983,000	-9.2%	1,108,000	12.7%	1,221,000	10.2%	1,148,000	-6.0%	6,318,000	5.6%	6,748,000	6.8%	6,979,000	3.4%	6,957,000	-0.3%
Building Supply Stores	258,000	36.5%	269,000	4.3%	271,000	0.7%	318,000	17.3%	1,645,000	28.4%	1,679,000	2.1%	1,797,000	7.0%	2,044,000	13.7%
Department Stores	1,041,000	-1.4%	1,107,000	6.3%	1,123,000	1.4%	1,056,000	-6.0%	5,805,000	-2.0%	5,894,000	1.5%	6,061,000	2.8%	6,048,000	-0.2%
Drug/Small Stores	953,000	52.0%	1,112,000	16.7%	1,129,000	1.5%	1,234,000	9.3%	5,366,000	52.2%	6,169,000	15.0%	6,819,000	10.5%	7,559,000	10.9%
Furniture/Equipment/Electronics	689,000	-38.8%	609,000	-11.6%	533,000	-12.5%	511,000	-4.1%	4,252,000	-44.6%	3,516,000	-17.3%	3,419,000	-2.8%	3,725,000	8.9%
Grocery Stores	812,000	-17.3%	788,000	-3.0%	881,000	11.8%	886,000	0.6%	4,479,000	7.7%	4,628,000	3.3%	4,709,000	1.8%	5,008,000	6.3%
Manufacturing Firms	615,000	129.5%	709,000	15.3%	600,000	-15.4%	510,000	-15.0%	3,719,000	109.3%	4,189,000	12.6%	3,651,000	-12.8%	3,465,000	-5.1%
All Other Retail	1,241,000	21.4%	1,622,000	30.7%	2,311,000	42.5%	2,105,000	-8.9%	9,247,000	38.7%	10,246,000	10.8%	11,794,000	15.1%	13,019,000	10.4%
Totals	6,592,000	3.8%	7,324,000	11.1%	8,069,000	10.2%	7,768,000	-3.7%	40,831,000	10.4%	43,069,000	5.5%	45,229,000	5.0%	47,825,000	5.7%

**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	8,762,000	959,000	12.3%
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	\$ 53,784,000	\$ 6,281,000	6.3%

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	53,784,000	6,281,000	13.2%
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	\$ 105,363,000	\$ 100,246,000	\$ 5,117,000	5.1%
Percentage Received	\$ 113,501,000	\$ 100,246,000	\$ 13,255,000	13.2%