

Memorandum



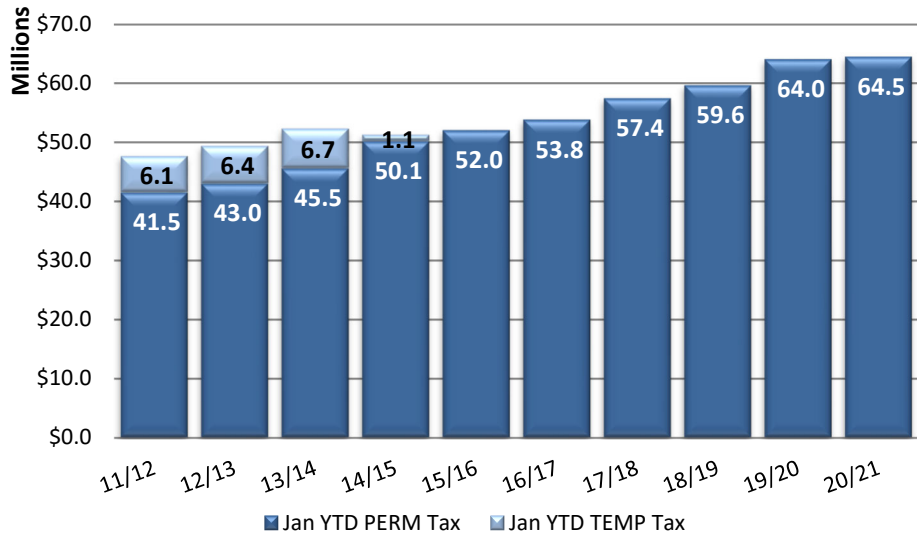
Municipal Budget Office

Date: February 26, 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 – January 2021

Attached is the Executive Summary of the Tax Revenue Statistical Report for January 2021 covering December sales activity reported to the Arizona Department of Revenue (ADOR).

Total fiscal year-to-date taxable *sales* decreased by 0.9% over the same year-to-date period in the prior fiscal year. Total sales tax *revenue* is down 2.4% or \$2.4 million, despite the growth in retail (\$3.8 million) and rentals (\$523 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 0.7% or \$468 thousand over the prior year-to-date period.

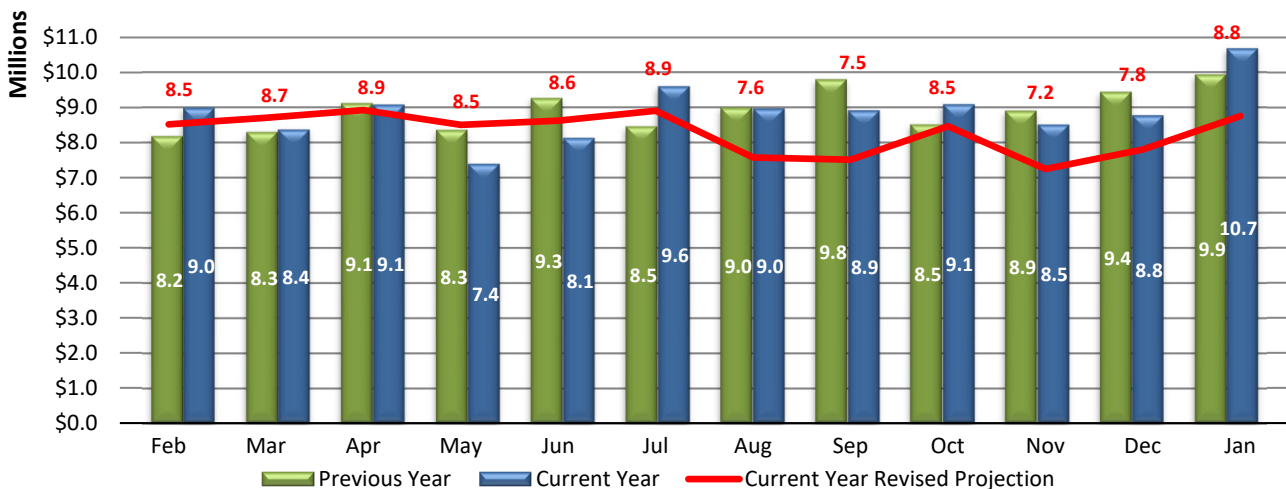
General Fund Sales Tax Collections through January



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 \$8.2 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 December 2019. As of November 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 - January

Fiscal Year to Date - January

	Current Month - January				Fiscal Year to Date - January				Current Month - January				Fiscal Year to Date - January			
	2017-18	Change	2018-19	Change	2019-20	Change	2020-21	Change	2017-18	Change	2018-19	Change	2019-20	Change	2020-21	Change
Taxable Sales																
Total Taxable Sales	781,347,000	3.6%	841,124,000	7.7%	868,783,000	3.3%	917,652,000	5.6%	4,991,405,000	6.6%	5,188,785,000	4.0%	5,580,904,000	7.6%	5,531,493,000	-0.9%
Retail Taxable Sales	463,765,000	10.0%	464,459,000	0.1%	501,163,000	7.9%	566,605,000	13.1%	2,738,134,000	14.7%	2,857,156,000	4.3%	3,013,865,000	5.5%	3,229,169,000	7.1%
Tax Revenues by Funds																
Privilege Tax - General Fund (1.2%)	8,932,000	3.8%	9,638,000	7.9%	9,930,000	3.0%	10,667,000	7.4%	57,380,000	6.7%	59,601,000	3.9%	63,983,000	7.4%	64,451,000	0.7%
Bed Tax - General Fund	449,000	-9.5%	483,000	7.6%	667,000	38.1%	298,000	-55.3%	3,307,000	5.4%	3,707,000	12.1%	4,584,000	23.7%	2,174,000	-52.6%
Privilege Tax Rebates - General Fund	474,000	-3.9%	470,000	-0.8%	474,000	0.9%	386,000	-18.6%	2,423,000	-3.7%	2,496,000	3.0%	2,654,000	6.3%	1,990,000	-25.0%
Transit Tax Fund (0.5%)	3,725,000	3.8%	4,027,000	8.1%	4,138,000	2.8%	4,445,000	7.4%	23,927,000	6.7%	24,853,000	3.9%	26,681,000	7.4%	26,855,000	0.7%
Performing Arts Tax Fund (0.1%)	772,000	3.5%	831,000	7.6%	855,000	2.9%	912,000	6.7%	4,925,000	6.3%	5,115,000	3.9%	5,489,000	7.3%	5,488,000	0.0%
Totals	14,352,000	3.0%	15,449,000	7.6%	16,064,000	4.0%	16,708,000	4.0%	91,962,000	6.3%	95,772,000	4.1%	103,391,000	8.0%	100,958,000	-2.4%
Tax Revenues by Business Activities																
Retail	8,348,000	5.6%	8,360,000	0.1%	9,021,000	7.9%	10,199,000	13.1%	49,179,000	9.5%	51,429,000	4.6%	54,250,000	5.5%	58,024,000	7.0%
Rentals	2,211,000	-8.6%	2,897,000	31.0%	3,068,000	5.9%	3,118,000	1.6%	15,032,000	0.6%	17,176,000	14.3%	18,664,000	8.7%	19,187,000	2.8%
Utilities/Communication	533,000	-22.4%	532,000	-0.2%	532,000	0.0%	498,000	-6.4%	5,274,000	-18.5%	5,212,000	-1.2%	5,068,000	-2.8%	5,005,000	-1.2%
Restaurants	1,156,000	17.5%	1,134,000	-1.9%	1,224,000	7.9%	939,000	-23.3%	7,314,000	9.0%	7,418,000	1.4%	7,817,000	5.4%	6,195,000	-20.7%
Contracting	964,000	3.1%	1,377,000	42.8%	1,045,000	-24.1%	997,000	-4.6%	6,582,000	-3.6%	7,080,000	7.6%	7,873,000	11.2%	7,017,000	-10.9%
Hotel/Motel	170,000	-24.4%	182,000	7.1%	247,000	35.7%	116,000	-53.0%	1,252,000	-19.5%	1,417,000	13.2%	1,674,000	18.1%	846,000	-49.5%
Transient (Bed Tax)	449,000	-9.5%	483,000	7.6%	667,000	38.1%	298,000	-55.3%	3,307,000	5.4%	3,707,000	12.1%	4,584,000	23.7%	2,174,000	-52.6%
Non-Recurring Business Activities	275,000	100.0%	229,000	-16.7%	19,000	-91.7%	409,000	2052.6%	2,463,000	100.0%	776,000	-68.5%	2,035,000	162.2%	1,652,000	-18.8%
Amusements	152,000	-18.3%	178,000	17.1%	192,000	7.9%	72,000	-62.5%	808,000	-22.5%	819,000	1.4%	905,000	10.5%	387,000	-57.2%
All Other	94,000	1.1%	77,000	-18.1%	49,000	-36.4%	62,000	26.5%	751,000	-18.9%	738,000	-1.7%	521,000	-29.4%	471,000	-9.6%
Totals	14,352,000	3.0%	15,449,000	7.6%	16,064,000	4.0%	16,708,000	4.0%	91,962,000	6.3%	95,772,000	4.1%	103,391,000	8.0%	100,958,000	-2.4%
Retail Tax Revenues by Activities																
Automotive	1,156,000	6.7%	1,153,000	-0.3%	1,281,000	11.1%	1,240,000	-3.2%	7,474,000	5.8%	7,902,000	5.7%	8,260,000	4.5%	8,197,000	-0.8%
Building Supply Stores	234,000	19.4%	265,000	13.2%	287,000	8.3%	324,000	12.9%	1,878,000	27.1%	1,944,000	3.5%	2,085,000	7.3%	2,368,000	13.6%
Department Stores	1,440,000	0.3%	1,404,000	-2.5%	1,497,000	6.6%	1,367,000	-8.7%	7,245,000	-1.5%	7,298,000	0.7%	7,558,000	3.6%	7,416,000	-1.9%
Drug/Small Stores	1,235,000	61.6%	1,327,000	7.4%	1,569,000	18.2%	1,651,000	5.2%	6,600,000	53.9%	7,496,000	13.6%	8,388,000	11.9%	9,209,000	9.8%
Furniture/Equipment/Electronics	758,000	-56.1%	623,000	-17.8%	636,000	2.1%	754,000	18.6%	5,010,000	-46.7%	4,139,000	-17.4%	4,056,000	-2.0%	4,479,000	10.4%
Grocery Stores	1,093,000	7.4%	1,157,000	5.9%	1,184,000	2.3%	1,224,000	3.4%	5,571,000	7.6%	5,785,000	3.8%	5,893,000	1.9%	6,232,000	5.8%
Manufacturing Firms	747,000	186.2%	671,000	-10.2%	608,000	-9.4%	764,000	25.7%	4,466,000	119.1%	4,860,000	8.8%	4,260,000	-12.3%	4,229,000	-0.7%
All Other Retail	1,685,000	18.5%	1,760,000	4.5%	1,959,000	11.3%	2,875,000	46.8%	10,935,000	35.2%	12,005,000	9.8%	13,750,000	14.5%	15,894,000	15.6%
Totals	8,348,000	5.6%	8,360,000	0.1%	9,021,000	7.9%	10,199,000	13.1%	49,179,000	9.5%	51,429,000	4.6%	54,250,000	5.5%	58,024,000	7.0%

**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	10,667,000	1,911,000	21.8%
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	\$ 64,451,000	\$ 8,192,000	8.2%

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	64,451,000	8,192,000	14.6%
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	\$ 106,664,000	\$ 100,246,000	\$ 6,418,000	6.4%
Percentage Received	\$ 114,843,000	\$ 100,246,000	\$ 14,597,000	14.6%