

# MEMORANDUM



TO: Mayor and Council  
FROM: Lauri Vickers, Municipal Budget & Finance Analyst  
THROUGH: Mark Day, Municipal Budget Director  
DATE: September 3, 2021  
SUBJECT: Tax Revenue Statistical Report – July 2021

## Introduction

The Municipal Budget Office (MBO) reviews the City's privilege (sales) tax collections for the General Fund (1.2%), Transit Fund (0.5%) and Arts & Cultural Fund (0.1%) and the General Fund bed tax (5.0%) in order to monitor the financial performance of the City's largest revenue source. This monthly analysis also provides the opportunity to determine if adjustments need to be made for any significant variances to ensure continuity of programs and service delivery. The July 2021 report summarizes our analysis of the June sales activity reported to the Arizona Department of Revenue (ADOR).

**NOTE:** For FY 2020/21, the Municipal Budget Office produced a monthly Tax Revenue Statistical Report and a General Fund Local Sales Tax Update. These two reports have now been combined to provide the same information in a more concise format.

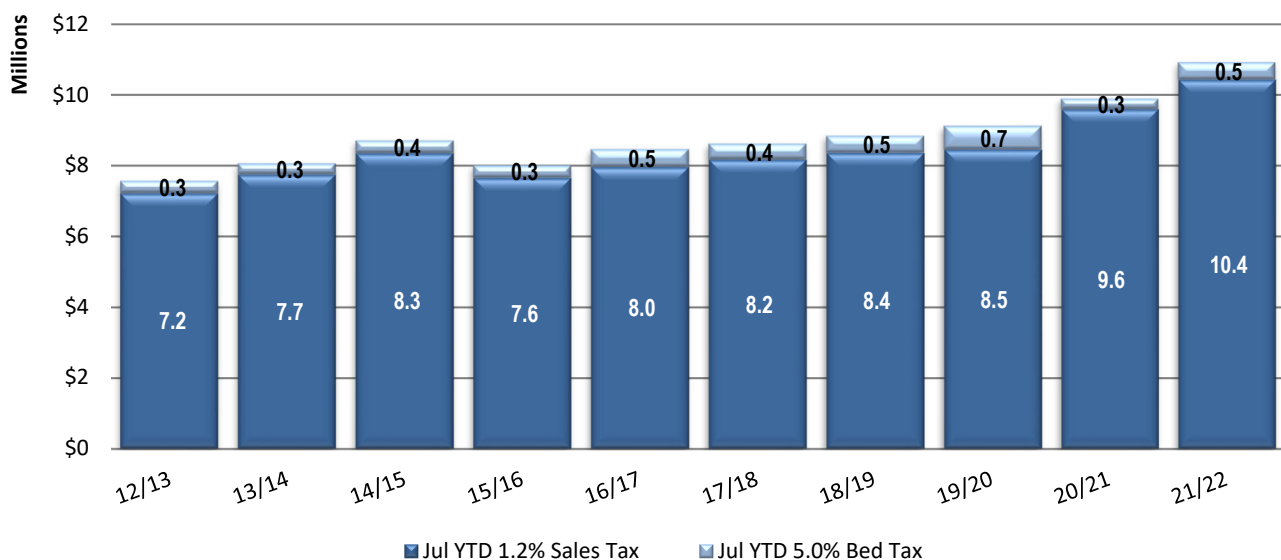
## Overall Highlights

Total fiscal year to date taxable sales increased by 9.7% over the same year to date period in the prior fiscal year. Total sales tax revenue is up 10.5% or \$1.6 million, due to growth in retail (\$1.3 million), rentals (\$386 thousand) and restaurant (\$360 thousand) activity. The attached Executive Summary provides a summary of historical and current fiscal year taxable sales, sales tax collections by fund, tax revenues by business activity, and an analysis of retail tax revenues by activity.

## General Fund Highlights

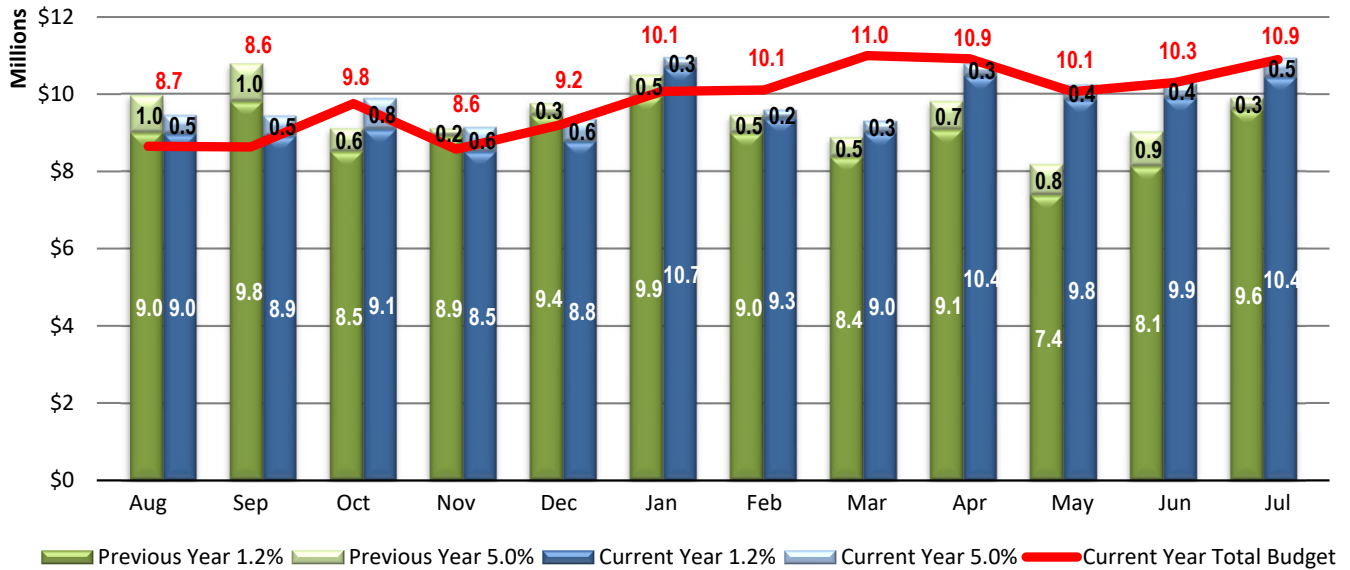
As the General Fund portion of the City's sales and bed tax revenue collections represents the General Fund's largest revenue source, further analysis is performed on these specific tax collections. The graph below depicts year to date General Fund historical sales and bed tax revenue from FY 2012/13 through FY 2021/22. General Fund sales and bed tax revenue for FY 2021/22 is up 11.0% or \$1.1 million over the prior year to date period.

General Fund Year to Date Sales and Bed Tax Collections through July



In addition to the 10-year historical comparison, we also review 12 months of General Fund monthly sales and bed tax collections compared to the previous year and to the FY 2021/22 adopted budget for the combined sales and bed tax, as noted in the graph below. For the month of July, combined sales and bed tax collections are \$21 thousand above the projected budget amount.

**General Fund Monthly Sales and Bed Tax Collection vs. Previous Year**



Finally, the MBO prepares the attached Actual to Budget Comparison report that provides a summary of FY 2021/22 General Fund sales tax, bed tax, and a combined total sales and bed tax collections compared to a projected budget amount for the month. Although sales and bed tax are not actually budgeted on a monthly basis, this type of analysis of actual collections compared to projections provides insight into sales and bed tax performance. Using this approach, fiscal year to date General Fund sales tax is \$228 thousand below revenue projections, General Fund bed tax is \$249 thousand above projections, and the combined General Fund sales and bed tax collections for the General Fund are \$21 thousand above the revenue projection

- Attachments: Executive Summary  
Actual Compared to Budget Projection

## Executive Summary

### Current Month - July

### Fiscal Year to Date - July

	2018-19		2019-20		2020-21		2021-22		2018-19		2019-20		2020-21		2021-22			
		Change		Change		Change		Change		Change		Change		Change		Change		
<b>Taxable Sales</b>																		
Total Taxable Sales	724,206,000	2.4%	737,363,000	1.8%	819,908,000	11.2%	899,126,000	9.7%	724,206,000	2.4%	737,363,000	1.8%	819,908,000	11.2%	899,126,000	9.7%		
Retail Taxable Sales	415,049,000	4.4%	401,857,000	-3.2%	460,741,000	14.7%	533,686,000	15.8%	415,049,000	4.4%	401,857,000	-3.2%	460,741,000	14.7%	533,686,000	15.8%		
<b>Tax Revenues by Fund</b>																		
General Fund																		
Privilege Tax (1.2%)	8,353,000	2.3%	8,451,000	1.2%	9,587,000	13.4%	10,444,000	8.9%	8,353,000	2.3%	8,451,000	1.2%	9,587,000	13.4%	10,444,000	8.9%		
Bed Tax (5.0%)	404,000	3.9%	545,000	34.9%	269,000	-50.6%	495,000	84.0%	404,000	3.9%	545,000	34.9%	269,000	-50.6%	495,000	84.0%		
Privilege Tax Rebates	241,000	4.3%	266,000	10.4%	187,000	-29.7%	227,000	21.4%	241,000	4.3%	266,000	10.4%	187,000	-29.7%	227,000	21.4%		
<b>Total General Fund</b>	<b>8,998,000</b>	<b>2.5%</b>	<b>9,262,000</b>	<b>2.9%</b>	<b>10,043,000</b>	<b>8.4%</b>	<b>11,166,000</b>	<b>11.2%</b>	<b>8,998,000</b>	<b>2.5%</b>	<b>9,262,000</b>	<b>2.9%</b>	<b>10,043,000</b>	<b>8.4%</b>	<b>11,166,000</b>	<b>11.2%</b>		
Transit Fund																		
Privilege Tax (0.5%)	3,481,000	2.3%	3,524,000	1.2%	3,995,000	13.4%	4,352,000	8.9%	3,481,000	2.3%	3,524,000	1.2%	3,995,000	13.4%	4,352,000	8.9%		
Privilege Tax Rebates	100,000	6.4%	108,000	8.0%	78,000	-27.8%	94,000	20.5%	100,000	6.4%	108,000	8.0%	78,000	-27.8%	94,000	20.5%		
<b>Total Transit Fund</b>	<b>3,581,000</b>	<b>2.4%</b>	<b>3,632,000</b>	<b>1.4%</b>	<b>4,073,000</b>	<b>12.1%</b>	<b>4,446,000</b>	<b>9.2%</b>	<b>3,581,000</b>	<b>2.4%</b>	<b>3,632,000</b>	<b>1.4%</b>	<b>4,073,000</b>	<b>12.1%</b>	<b>4,446,000</b>	<b>9.2%</b>		
Arts & Culture Fund																		
Privilege Tax (0.1%)	716,000	2.4%	726,000	1.4%	815,000	12.3%	889,000	9.1%	716,000	2.4%	726,000	1.4%	815,000	12.3%	889,000	9.1%		
<b>Total Arts &amp; Culture Fund</b>	<b>716,000</b>	<b>2.4%</b>	<b>726,000</b>	<b>1.4%</b>	<b>815,000</b>	<b>12.3%</b>	<b>889,000</b>	<b>9.1%</b>	<b>716,000</b>	<b>2.4%</b>	<b>726,000</b>	<b>1.4%</b>	<b>815,000</b>	<b>12.3%</b>	<b>889,000</b>	<b>9.1%</b>		
<b>Totals</b>	<b>13,295,000</b>	<b>2.4%</b>	<b>13,620,000</b>	<b>2.4%</b>	<b>14,931,000</b>	<b>9.6%</b>	<b>16,501,000</b>	<b>10.5%</b>	<b>13,295,000</b>	<b>-48.8%</b>	<b>13,620,000</b>	<b>2.4%</b>	<b>14,931,000</b>	<b>9.6%</b>	<b>16,501,000</b>	<b>10.5%</b>		
<b>Tax Revenues by Business Activities</b>																		
Retail	7,471,000	6.0%	7,233,000	-3.2%	8,293,000	14.7%	9,606,000	15.8%	7,471,000	6.0%	7,233,000	-3.2%	8,293,000	14.7%	9,606,000	15.8%		
Rentals	2,340,000	10.2%	2,656,000	13.5%	2,698,000	1.6%	3,084,000	14.3%	2,340,000	10.2%	2,656,000	13.5%	2,698,000	1.6%	3,084,000	14.3%		
Utilities/Communication	748,000	-5.8%	663,000	-11.4%	710,000	7.1%	774,000	9.0%	748,000	-5.8%	663,000	-11.4%	710,000	7.1%	774,000	9.0%		
Restaurants	1,027,000	4.7%	1,078,000	5.0%	840,000	-22.1%	1,200,000	42.9%	1,027,000	4.7%	1,078,000	5.0%	840,000	-22.1%	1,200,000	42.9%		
Contracting	1,012,000	-13.6%	1,003,000	-0.9%	1,152,000	14.9%	863,000	-25.1%	1,012,000	-13.6%	1,003,000	-0.9%	1,152,000	14.9%	863,000	-25.1%		
Hotel/Motel	169,000	14.2%	205,000	21.3%	103,000	-49.8%	191,000	85.4%	169,000	14.2%	205,000	21.3%	103,000	-49.8%	191,000	85.4%		
Transient (Bed Tax)	404,000	3.9%	545,000	34.9%	269,000	-50.6%	495,000	84.0%	404,000	3.9%	545,000	34.9%	269,000	-50.6%	495,000	84.0%		
Non-Recurring Business Activities	(74,000)	-166.1%	34,000	-145.9%	726,000	2035.3%	74,000	-89.8%	(74,000)	-166.1%	34,000	-145.9%	726,000	2035.3%	74,000	-89.8%		
Amusements	140,000	-0.7%	148,000	5.7%	72,000	-51.4%	154,000	113.9%	140,000	-0.7%	148,000	5.7%	72,000	-51.4%	154,000	113.9%		
All Other	59,000	-19.2%	56,000	-5.1%	66,000	17.9%	60,000	-9.1%	59,000	-99.5%	56,000	-5.1%	66,000	17.9%	60,000	-9.1%		
<b>Totals</b>	<b>13,296,000</b>	<b>2.4%</b>	<b>13,621,000</b>	<b>2.4%</b>	<b>14,929,000</b>	<b>9.6%</b>	<b>16,501,000</b>	<b>10.5%</b>	<b>13,296,000</b>	<b>-48.8%</b>	<b>13,621,000</b>	<b>2.4%</b>	<b>14,929,000</b>	<b>9.6%</b>	<b>16,501,000</b>	<b>10.5%</b>		
<b>Retail Tax Revenues by Activities</b>																		
Automotive	1,101,000	3.2%	1,201,000	9.1%	1,180,000	-1.7%	1,356,000	14.9%	1,101,000	3.2%	1,201,000	9.1%	1,180,000	-1.7%	1,356,000	14.9%		
Building Supply Stores	296,000	0.7%	332,000	12.2%	353,000	6.3%	431,000	22.1%	296,000	0.7%	332,000	12.2%	353,000	6.3%	431,000	22.1%		
Department Stores	1,006,000	6.5%	967,000	-3.9%	1,029,000	6.4%	1,103,000	7.2%	1,006,000	6.5%	967,000	-3.9%	1,029,000	6.4%	1,103,000	7.2%		
Drug/Small Stores	1,028,000	20.5%	1,058,000	2.9%	1,315,000	24.3%	1,384,000	5.2%	1,028,000	20.5%	1,058,000	2.9%	1,315,000	24.3%	1,384,000	5.2%		
Furniture/Equipment/Electronics	726,000	-5.5%	741,000	2.1%	704,000	-5.0%	949,000	34.8%	726,000	-5.5%	741,000	2.1%	704,000	-5.0%	949,000	34.8%		
Grocery Stores	724,000	-0.4%	728,000	0.6%	823,000	13.0%	828,000	0.6%	724,000	-0.4%	728,000	0.6%	823,000	13.0%	828,000	0.6%		
Manufacturing Firms	877,000	30.1%	498,000	-43.2%	659,000	32.3%	950,000	44.2%	877,000	30.1%	498,000	-43.2%	659,000	32.3%	950,000	44.2%		
All Other Retail	1,713,000	-0.3%	1,708,000	-0.3%	2,230,000	30.6%	2,605,000	16.8%	1,713,000	-0.3%	1,708,000	-0.3%	2,230,000	30.6%	2,605,000	16.8%		
<b>Totals</b>	<b>7,471,000</b>	<b>6.0%</b>	<b>7,233,000</b>	<b>-3.2%</b>	<b>8,293,000</b>	<b>14.7%</b>	<b>9,606,000</b>	<b>15.8%</b>	<b>7,471,000</b>	<b>6.0%</b>	<b>7,233,000</b>	<b>-3.2%</b>	<b>8,293,000</b>	<b>14.7%</b>	<b>9,606,000</b>	<b>15.8%</b>		

## Actual Compared to Budget Projection

### Privilege Tax Revenue - General Fund (1.2%) 2021-22 Actual Compared to Budget

#### Monthly Amounts

	2021-22 Budget		2021-22 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	9.5%	\$ 10,650,000	\$ 10,422,000	\$ (228,000)	-2.1%
Aug	7.9%	8,923,000			
Sep	7.9%	8,934,000			
Oct	9.2%	10,373,000			
Nov	8.0%	9,039,000			
Dec	8.3%	9,329,000			
Jan	8.4%	9,478,000			
Feb	7.9%	8,915,000			
Mar	8.3%	9,327,000			
Apr	8.5%	9,525,000			
May	7.8%	8,825,000			
Jun	8.1%	9,132,000			
<b>Totals</b>	<b>100.0%</b>	<b>\$ 112,450,000</b>	<b>\$ 10,422,000</b>	<b>\$ (228,000)</b>	<b>-0.2%</b>

#### Cumulative Amounts

	2021-22 Budget		2021-22 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	9.5%	\$ 10,650,000	\$ 10,422,000	\$ (228,000)	-2.1%
Jul-Aug	17.4%	19,573,000			
Jul-Sep	25.4%	28,507,000			
Jul-Oct	34.6%	38,880,000			
Jul-Nov	42.6%	47,919,000			
Jul-Dec	50.9%	57,248,000			
Jul-Jan	59.3%	66,726,000			
Jul-Feb	67.3%	75,641,000			
Jul-Mar	75.6%	84,968,000			
Jul-Apr	84.0%	94,493,000			
Jul-May	91.9%	103,318,000			
Jul-Jun	100.0%	112,450,000			

#### Tax and License Annual Privilege Tax Revenue Projections

Method	Privilege Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 122,813,000	\$ 112,450,000	\$ 10,363,000	9.2%
% Received	\$ 110,043,000	\$ 112,450,000	\$ (2,407,000)	-2.1%

### Bed Tax Revenue - General Fund (5.0%) 2021-22 Actual Compared to Budget

#### Monthly Amounts

	2021-22 Budget		2021-22 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	6.3%	\$ 246,000	\$ 495,000	\$ 249,000	101.2%
Aug	10.4%	405,000			
Sep	12.6%	488,000			
Oct	15.1%	585,000			
Nov	9.5%	368,000			
Dec	7.4%	287,000			
Jan	5.5%	215,000			
Feb	4.7%	184,000			
Mar	5.5%	212,000			
Apr	6.4%	250,000			
May	8.2%	319,000			
Jun	8.4%	325,000			
<b>Totals</b>	<b>100.0%</b>	<b>\$ 3,884,000</b>	<b>\$ 495,000</b>	<b>\$ 249,000</b>	<b>6.4%</b>

#### Cumulative Amounts

	2021-22 Budget		2021-22 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	6.3%	\$ 246,000	\$ 495,000	\$ 249,000	101.2%
Jul-Aug	16.8%	651,000			
Jul-Sep	29.3%	1,139,000			
Jul-Oct	44.4%	1,724,000			
Jul-Nov	53.9%	2,092,000			
Jul-Dec	61.3%	2,379,000			
Jul-Jan	66.8%	2,594,000			
Jul-Feb	71.5%	2,778,000			
Jul-Mar	77.0%	2,990,000			
Jul-Apr	83.4%	3,240,000			
Jul-May	91.6%	3,559,000			
Jul-Jun	100.0%	3,884,000			

#### Tax and License Annual Bed Tax Revenue Projections

Method	Bed Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 8,626,000	\$ 3,884,000	\$ 4,742,000	122.1%
% Received	\$ 7,815,000	\$ 3,884,000	\$ 3,931,000	101.2%

### Total General Fund Tax Revenue 2021-22 Actual Compared to Budget

#### Monthly Amounts

	2021-22 Budget		2021-22 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	9.4%	\$ 10,896,000	\$ 10,917,000	\$ 21,000	0.2%
Aug	8.0%	9,328,000			
Sep	8.1%	9,422,000			
Oct	9.4%	10,958,000			
Nov	8.1%	9,407,000			
Dec	8.3%	9,616,000			
Jan	8.3%	9,693,000			
Feb	7.8%	9,099,000			
Mar	8.2%	9,539,000			
Apr	8.4%	9,775,000			
May	7.9%	9,144,000			
Jun	8.1%	9,457,000			
<b>Totals</b>	<b>100.0%</b>	<b>\$ 116,334,000</b>	<b>\$ 10,917,000</b>	<b>\$ 21,000</b>	<b>0.0%</b>

#### Cumulative Amounts

	2021-22 Budget		2021-22 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	9.4%	\$ 10,896,000	\$ 10,917,000	\$ 21,000	0.2%
Jul-Aug	17.4%	20,224,000			
Jul-Sep	25.5%	29,646,000			
Jul-Oct	34.9%	40,604,000			
Jul-Nov	43.0%	50,011,000			
Jul-Dec	51.3%	59,627,000			
Jul-Jan	59.6%	69,320,000			
Jul-Feb	67.4%	78,419,000			
Jul-Mar	75.6%	87,958,000			
Jul-Apr	84.0%	97,733,000			
Jul-May	91.9%	106,877,000			
Jul-Jun	100.0%	116,334,000			

#### Tax and License Annual Total Tax Revenue Projections

Method	Total Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 130,503,000	\$ 116,334,000	\$ 14,169,000	12.2%
% Received	\$ 116,558,000	\$ 116,334,000	\$ 224,000	0.2%