

MEMORANDUM



TO: Mayor and Council
FROM: Lauri Vickers, Municipal Budget & Finance Analyst
THROUGH: Mark Day, Municipal Budget Director
DATE: November 19, 2021
SUBJECT: Tax Revenue Statistical Report – October 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 October 2021 report summarizes our analysis of the September sales activity reported to the Arizona Department of Revenue (ADOR).

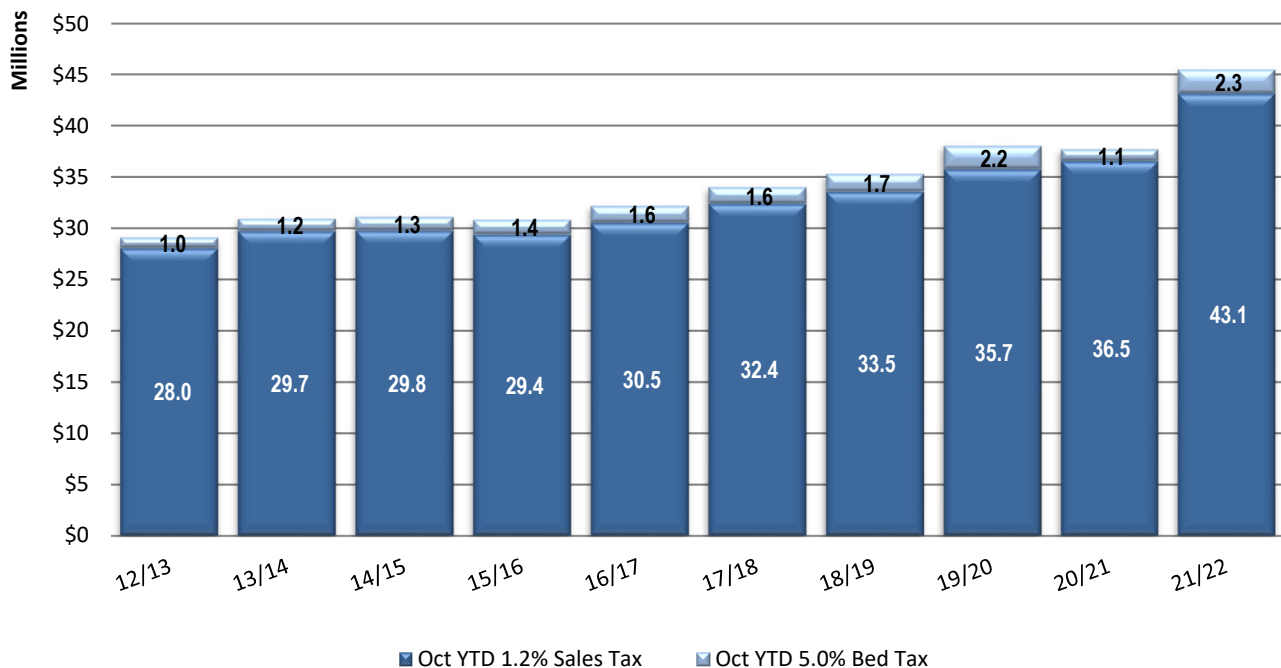
Overall Highlights

Total fiscal year to date taxable *sales* increased by 18.9% over the same year to date period in the prior fiscal year. Total sales tax *revenue* is up 20.0% or \$11.4 million, due to growth in retail (\$5.7 million), combined hotel/transient lodging (\$1.7 million) and restaurant (\$1.6 million) 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

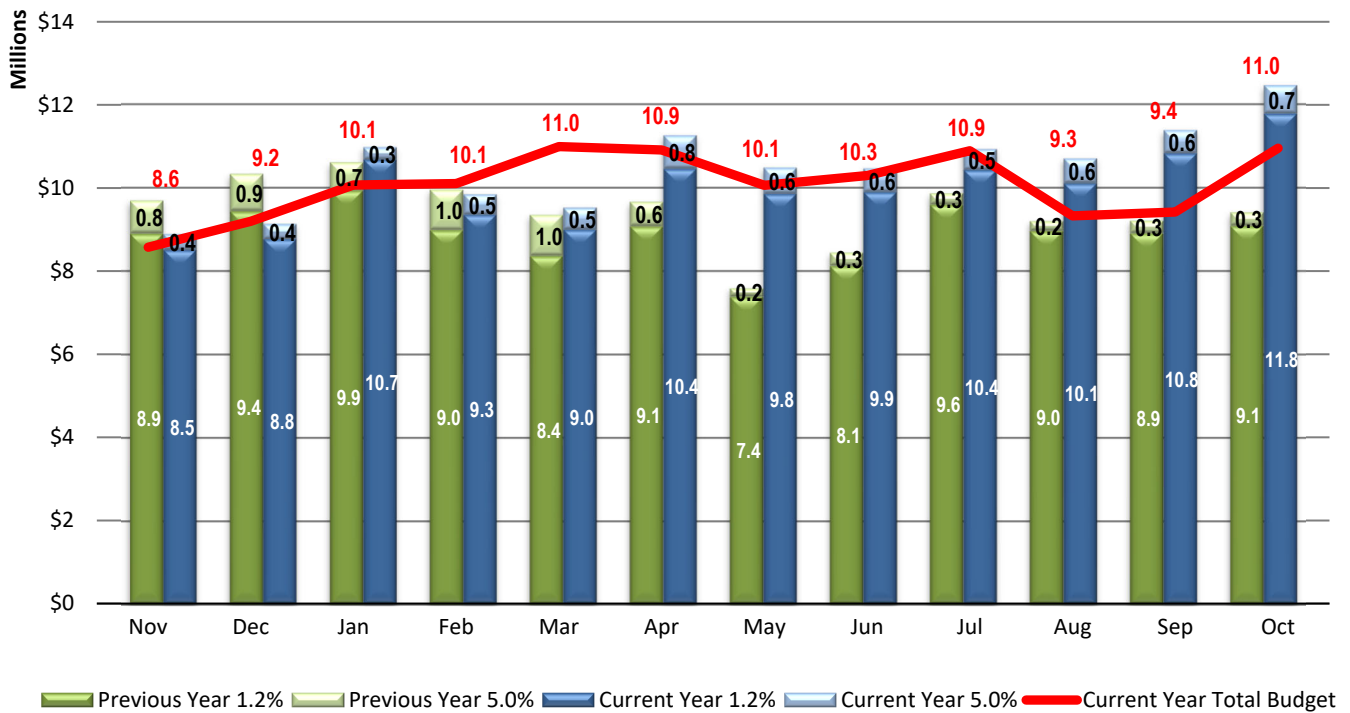
As the General Fund portion of the City's sales and bed tax revenue collections represents the General Fund's largest revenue source, further analysis is performed on these specific tax collections. The graph below depicts year to date General Fund historical sales and bed tax revenue from FY 2012/13 through FY 2021/22. General Fund sales and bed tax revenue for FY 2021/22 is up 20.7% or \$7.8 million over the prior year to date period.

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



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.

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 \$4.2 million above revenue projections, General Fund bed tax is \$612 thousand above projections, and the combined General Fund sales and bed tax collections for the General Fund are \$4.8 million above the revenue projection.

- Attachments: Executive Summary
Actual Compared to Budget Projection

Executive Summary

Current Month - October

Fiscal Year to Date - October

	2018-19		2019-20		2020-21		2021-22		2018-19		2019-20		2020-21		2021-22		
		Change		Change		Change		Change		Change		Change		Change		Change	
Taxable Sales																	
Total Taxable Sales	749,078,000	3.1%	744,250,000	-0.6%	779,546,000	4.7%	1,012,979,000	29.9%	2,911,738,000	3.8%	3,107,707,000	6.7%	3,126,751,000	0.6%	3,716,240,000	18.9%	
Retail Taxable Sales	395,226,000	4.1%	387,654,000	-1.9%	448,439,000	15.7%	499,858,000	11.5%	1,606,035,000	4.2%	1,656,694,000	3.2%	1,798,199,000	8.5%	2,115,148,000	17.6%	
Tax Revenues by Fund																	
General Fund																	
Privilege Tax (1.2%)	8,626,000	3.0%	8,503,000	-1.4%	9,077,000	6.8%	11,768,000	29.6%	33,538,000	3.6%	35,728,000	6.5%	36,519,000	2.2%	43,108,000	18.0%	
Bed Tax (5.0%)	467,000	9.1%	732,000	56.7%	323,000	-55.9%	685,000	112.1%	1,714,000	8.4%	2,237,000	30.5%	1,128,000	-49.6%	2,336,000	107.1%	
Privilege Tax Rebates	250,000	4.2%	252,000	0.8%	200,000	-20.6%	224,000	12.0%	991,000	8.5%	1,028,000	3.7%	731,000	-28.9%	927,000	26.8%	
Total General Fund	9,343,000	3.3%	9,487,000	1.5%	9,600,000	1.2%	12,677,000	32.1%	36,243,000	4.0%	38,993,000	7.6%	38,378,000	-1.6%	46,371,000	20.8%	
Transit Fund																	
Privilege Tax (0.5%)	3,602,000	3.2%	3,546,000	-1.6%	3,782,000	6.7%	4,903,000	29.6%	13,982,000	3.6%	14,900,000	6.6%	15,217,000	2.1%	17,962,000	18.0%	
Privilege Tax Rebates	97,000	0.0%	102,000	5.2%	83,000	-18.6%	93,000	12.0%	405,000	9.5%	415,000	2.5%	304,000	-26.7%	386,000	27.0%	
Total Transit Fund	3,699,000	3.1%	3,648,000	-1.4%	3,865,000	5.9%	4,996,000	29.3%	14,387,000	3.7%	15,315,000	6.5%	15,521,000	1.3%	18,348,000	18.2%	
Arts & Culture Fund																	
Privilege Tax (0.1%)	740,000	3.1%	730,000	-1.4%	773,000	5.9%	999,000	29.2%	2,877,000	3.8%	3,063,000	6.5%	3,104,000	1.3%	3,670,000	18.2%	
Total Arts & Culture Fund	740,000	3.1%	730,000	-1.4%	773,000	5.9%	999,000	29.2%	2,877,000	3.8%	3,063,000	6.5%	3,104,000	1.3%	3,670,000	18.2%	
Totals	13,782,000	3.2%	13,865,000	0.6%	14,238,000	2.7%	18,672,000	31.1%	53,507,000	-48.1%	57,371,000	7.2%	57,003,000	-0.6%	68,389,000	20.0%	
Tax Revenues by Business Activities																	
Retail	7,114,000	4.1%	6,978,000	-1.9%	8,072,000	15.7%	8,997,000	11.5%	28,909,000	4.6%	29,820,000	3.2%	32,368,000	8.5%	38,073,000	17.6%	
Rentals	2,562,000	-4.5%	2,601,000	1.5%	2,911,000	11.9%	3,137,000	7.8%	9,424,000	5.4%	10,214,000	8.4%	10,850,000	6.2%	12,103,000	11.5%	
Utilities/Communication	817,000	0.5%	861,000	5.4%	840,000	-2.4%	755,000	-10.1%	3,392,000	-1.1%	3,281,000	-3.3%	3,289,000	0.2%	3,301,000	0.4%	
Restaurants	1,076,000	-1.9%	1,105,000	2.7%	918,000	-16.9%	1,321,000	43.9%	4,051,000	2.1%	4,254,000	5.0%	3,347,000	-21.3%	4,947,000	47.8%	
Contracting	725,000	-16.7%	1,175,000	62.1%	933,000	-20.6%	976,000	4.6%	3,895,000	2.3%	4,412,000	13.3%	4,336,000	-1.7%	3,369,000	-22.3%	
Hotel/Motel	178,000	9.2%	229,000	28.7%	124,000	-45.9%	261,000	110.5%	670,000	11.1%	797,000	19.0%	430,000	-46.0%	900,000	109.3%	
Transient (Bed Tax)	467,000	9.1%	732,000	56.7%	323,000	-55.9%	685,000	112.1%	1,714,000	8.4%	2,237,000	30.5%	1,128,000	-49.6%	2,336,000	107.1%	
Non-Recurring Business Activities	603,000	151.3%	2,000	-99.7%	1,000	-50.0%	2,309,000	230800.0%	535,000	-20.6%	1,596,000	198.3%	864,000	-45.9%	2,495,000	188.8%	
Amusements	108,000	-2.7%	105,000	-2.8%	65,000	-38.1%	104,000	60.0%	445,000	-2.6%	483,000	8.5%	180,000	-62.7%	482,000	167.8%	
All Other	131,000	21.3%	77,000	-41.2%	52,000	-32.5%	126,000	142.3%	472,000	-99.1%	276,000	-41.5%	212,000	-23.2%	382,000	80.2%	
Totals	13,781,000	3.2%	13,865,000	0.6%	14,239,000	2.7%	18,671,000	31.1%	53,507,000	-48.1%	57,370,000	7.2%	57,004,000	-0.6%	68,388,000	20.0%	
Retail Tax Revenues by Activities																	
Automotive	1,175,000	24.7%	1,096,000	-6.7%	1,192,000	8.8%	1,266,000	6.2%	4,564,000	8.5%	4,728,000	3.6%	4,626,000	-2.2%	5,367,000	16.0%	
Building Supply Stores	279,000	3.3%	185,000	-33.7%	335,000	81.1%	374,000	11.6%	1,130,000	1.1%	1,128,000	-0.2%	1,377,000	22.1%	1,568,000	13.9%	
Department Stores	897,000	1.4%	922,000	2.8%	975,000	5.7%	1,058,000	8.5%	3,902,000	0.3%	4,017,000	2.9%	4,027,000	0.2%	4,553,000	13.1%	
Drug/Small Stores	966,000	14.3%	1,096,000	13.5%	1,313,000	19.8%	1,357,000	3.4%	4,088,000	15.6%	4,561,000	11.6%	5,092,000	11.6%	5,416,000	6.4%	
Furniture/Equipment/Electronics	643,000	-14.9%	535,000	-16.8%	612,000	14.4%	602,000	-1.6%	2,432,000	-16.1%	2,347,000	-3.5%	2,653,000	13.0%	2,939,000	10.8%	
Grocery Stores	805,000	7.3%	813,000	1.0%	867,000	6.6%	859,000	-0.9%	3,048,000	3.8%	3,079,000	1.0%	3,365,000	9.3%	3,246,000	-3.5%	
Manufacturing Firms	640,000	-20.3%	440,000	-31.3%	606,000	37.7%	627,000	3.5%	2,895,000	12.3%	2,498,000	-13.7%	2,447,000	-2.0%	3,805,000	55.5%	
All Other Retail	1,709,000	7.8%	1,891,000	10.6%	2,172,000	14.9%	2,854,000	31.4%	6,850,000	5.8%	7,462,000	8.9%	8,781,000	17.7%	11,179,000	27.3%	
Totals	7,114,000	4.1%	6,978,000	-1.9%	8,072,000	15.7%	8,997,000	11.5%	28,909,000	4.6%	29,820,000	3.2%	32,368,000	8.5%	38,073,000	17.6%	

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	10,099,000	1,176,000	13.2%
Sep	7.9%	8,934,000	10,819,000	1,885,000	21.1%
Oct	9.2%	10,373,000	11,768,000	1,395,000	13.4%
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			
Totals	100.0%	\$ 112,450,000	\$ 43,108,000	\$ 4,228,000	3.8%

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	20,521,000	948,000	4.8%
Jul-Sep	25.4%	28,507,000	31,340,000	2,833,000	9.9%
Jul-Oct	34.6%	38,880,000	43,108,000	4,228,000	10.9%
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	\$ 133,356,000	\$ 112,450,000	\$ 20,906,000	18.6%
% Received	\$ 124,678,000	\$ 112,450,000	\$ 12,228,000	10.9%

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	597,000	192,000	47.4%
Sep	12.6%	488,000	559,000	71,000	14.5%
Oct	15.1%	585,000	685,000	100,000	17.1%
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			
Totals	100.0%	\$ 3,884,000	\$ 2,336,000	\$ 612,000	15.8%

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	1,092,000	441,000	67.7%
Jul-Sep	29.3%	1,139,000	1,651,000	512,000	45.0%
Jul-Oct	44.4%	1,724,000	2,336,000	612,000	35.5%
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 Privilege Tax Revenue Projections

Method	Bed Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 5,728,000	\$ 3,884,000	\$ 1,844,000	47.5%
% Received	\$ 5,263,000	\$ 3,884,000	\$ 1,379,000	35.5%

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	10,696,000	1,368,000	14.7%
Sep	8.1%	9,422,000	11,378,000	1,956,000	20.8%
Oct	9.4%	10,958,000	12,453,000	1,495,000	13.6%
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			
Totals	100.0%	\$ 116,334,000	\$ 45,444,000	\$ 4,840,000	4.2%

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	21,613,000	1,389,000	6.9%
Jul-Sep	25.5%	29,646,000	32,991,000	3,345,000	11.3%
Jul-Oct	34.9%	40,604,000	45,444,000	4,840,000	11.9%
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 Privilege Tax Revenue Projections

Method	Total Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 138,985,000	\$ 116,334,000	\$ 22,651,000	19.5%
% Received	\$ 130,201,000	\$ 116,334,000	\$ 13,867,000	11.9%