

# MEMORANDUM



TO: Mayor and Council  
FROM: Lauri Vickers, Municipal Budget & Finance Analyst  
THROUGH: Mark Day, Municipal Budget Director  
DATE: April 22, 2022  
SUBJECT: Tax Revenue Statistical Report – March 2022

## 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 March 2022 report summarizes our analysis of the February sales activity reported to the Arizona Department of Revenue (ADOR).

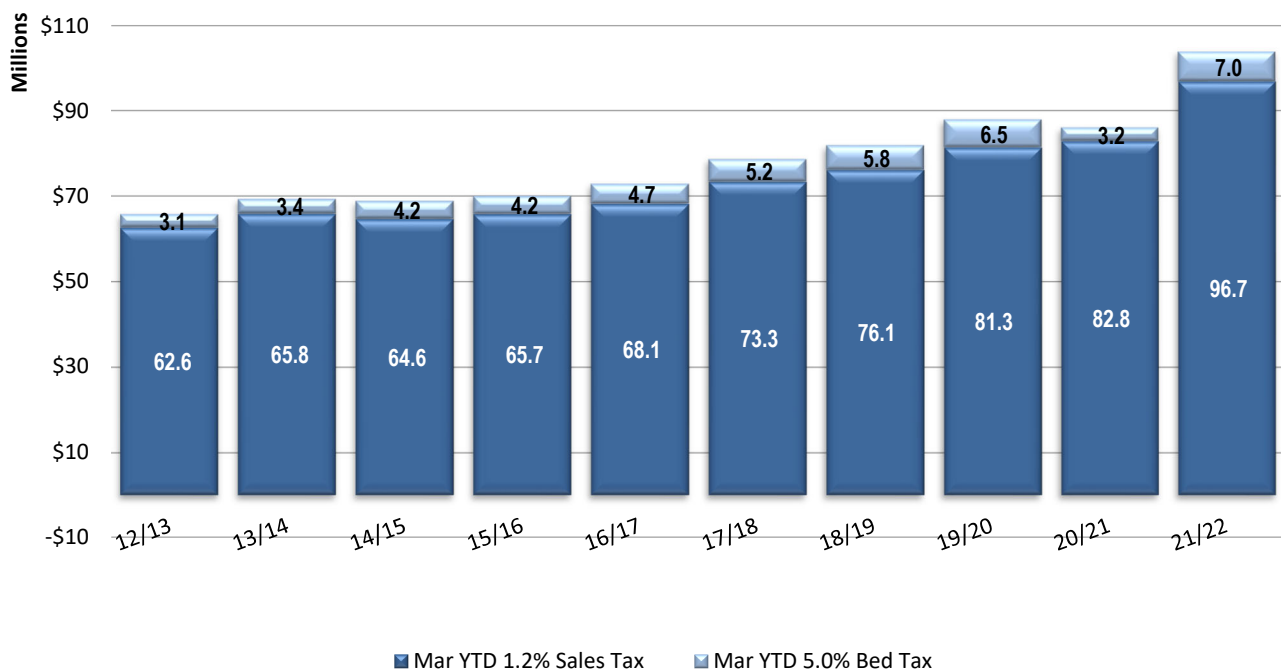
## Overall Highlights

Total fiscal year to date taxable sales increased by 18.0% over the same year to date period in the prior fiscal year. Total sales tax revenue is up 19.6% or \$25.5 million, due to growth in retail (\$12.1 million), combined hotel/transient lodging (\$5.3 million) and restaurant (\$3.5 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

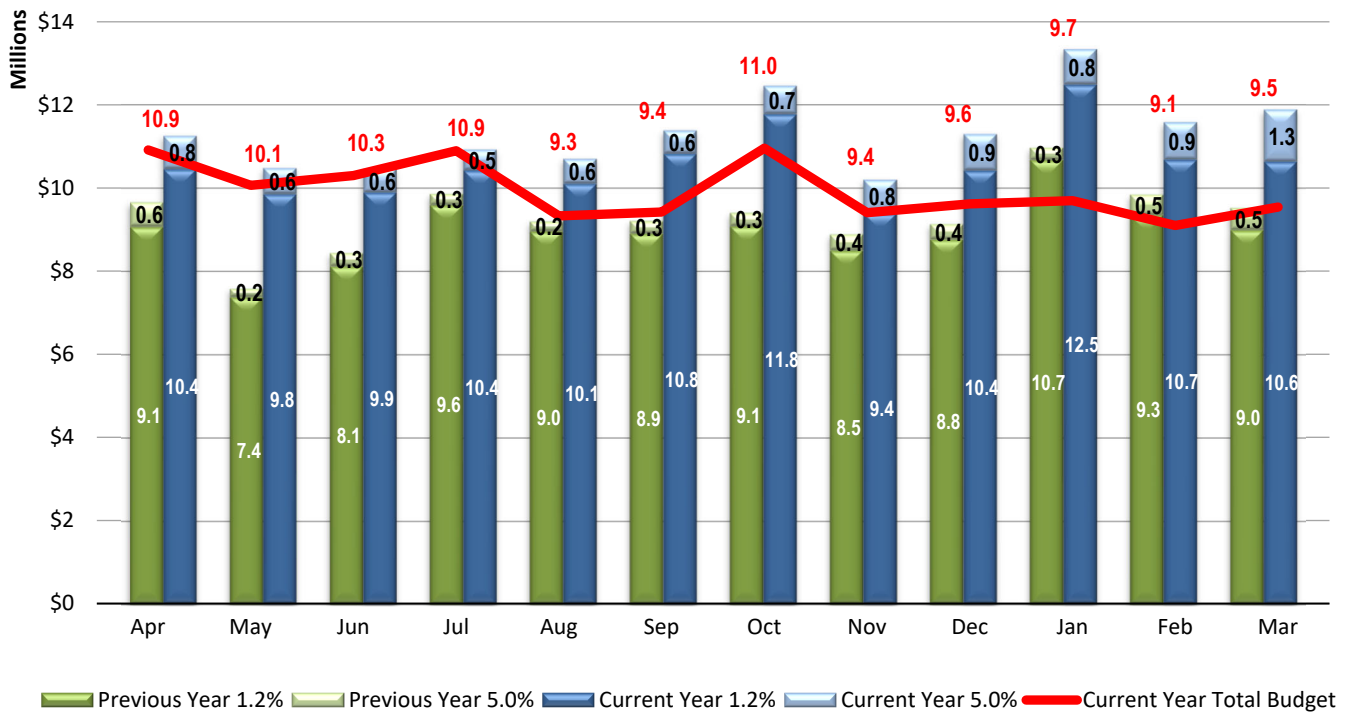
As the General Fund portion of the City's sales and bed tax revenue collections represents the General Fund's largest revenue source, further analysis is performed on these specific tax collections. The graph below depicts year to date General Fund historical sales and bed tax revenue from FY 2012/13 through FY 2021/22. General Fund sales and bed tax revenue for FY 2021/22 is up 20.6% or \$17.7 million over the prior year to date period.

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



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 \$11.7 million above revenue projections, General Fund bed tax is \$4.0 million above projections, and the combined General Fund sales and bed tax collections for the General Fund are \$15.8 million above the revenue projection.

Attachments: Executive Summary  
Actual Compared to Budget Projection

## Executive Summary

### Current Month - March

### Fiscal Year to Date - March

	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	733,567,000	2.7%	733,504,000	0.0%	775,599,000	5.7%	935,037,000	20.6%	6,649,068,000	4.0%	7,098,370,000	6.8%	7,111,288,000	0.2%	8,392,351,000	18.0%
Retail Taxable Sales	357,325,000	-6.5%	397,226,000	11.2%	472,824,000	19.0%	522,479,000	10.5%	3,601,632,000	3.0%	3,838,223,000	6.6%	4,182,112,000	9.0%	4,838,384,000	15.7%
<b>Tax Revenues by Fund</b>																
<b>General Fund</b>																
Privilege Tax (1.2%)	8,289,000	2.6%	8,359,000	0.8%	8,990,000	7.5%	10,631,000	18.3%	76,061,000	3.8%	81,322,000	6.9%	82,788,000	1.8%	96,700,000	16.8%
Bed Tax (5.0%)	1,172,000	3.4%	982,000	-16.2%	529,000	-46.1%	1,251,000	136.5%	5,760,000	9.9%	6,531,000	13.4%	3,192,000	-51.1%	7,019,000	119.9%
Privilege Tax Rebates	232,000	6.4%	207,000	-10.8%	190,000	-8.2%	289,000	52.1%	2,346,000	7.7%	2,291,000	-2.3%	1,782,000	-22.2%	2,324,000	30.4%
<b>Total General Fund</b>	<b>9,693,000</b>	<b>2.8%</b>	<b>9,548,000</b>	<b>-1.5%</b>	<b>9,709,000</b>	<b>1.7%</b>	<b>12,171,000</b>	<b>25.4%</b>	<b>84,167,000</b>	<b>4.3%</b>	<b>90,144,000</b>	<b>7.1%</b>	<b>87,762,000</b>	<b>-2.6%</b>	<b>106,043,000</b>	<b>20.8%</b>
<b>Transit Fund</b>																
Privilege Tax (0.5%)	3,457,000	2.7%	3,483,000	0.8%	3,746,000	7.6%	4,430,000	18.3%	31,717,000	3.8%	33,906,000	6.9%	34,496,000	1.7%	40,293,000	16.8%
Privilege Tax Rebates	94,000	3.3%	86,000	-8.5%	79,000	-8.1%	120,000	51.9%	952,000	7.4%	933,000	-2.0%	741,000	-20.6%	967,000	30.5%
<b>Total Transit Fund</b>	<b>3,551,000</b>	<b>2.7%</b>	<b>3,569,000</b>	<b>0.5%</b>	<b>3,825,000</b>	<b>7.2%</b>	<b>4,550,000</b>	<b>19.0%</b>	<b>32,669,000</b>	<b>3.9%</b>	<b>34,839,000</b>	<b>6.6%</b>	<b>35,237,000</b>	<b>1.1%</b>	<b>41,260,000</b>	<b>17.1%</b>
<b>Arts &amp; Culture Fund</b>																
Privilege Tax (0.1%)	710,000	2.7%	714,000	0.6%	765,000	7.1%	910,000	19.0%	6,534,000	3.9%	6,968,000	6.6%	7,047,000	1.1%	8,252,000	17.1%
<b>Total Arts &amp; Culture Fund</b>	<b>710,000</b>	<b>2.7%</b>	<b>714,000</b>	<b>0.6%</b>	<b>765,000</b>	<b>7.1%</b>	<b>910,000</b>	<b>19.0%</b>	<b>6,534,000</b>	<b>3.9%</b>	<b>6,968,000</b>	<b>6.6%</b>	<b>7,047,000</b>	<b>1.1%</b>	<b>8,252,000</b>	<b>17.1%</b>
<b>Totals</b>	<b>13,954,000</b>	<b>2.8%</b>	<b>13,831,000</b>	<b>-0.9%</b>	<b>14,299,000</b>	<b>3.4%</b>	<b>17,631,000</b>	<b>23.3%</b>	<b>123,370,000</b>	<b>-47.9%</b>	<b>131,951,000</b>	<b>7.0%</b>	<b>130,046,000</b>	<b>-1.4%</b>	<b>155,555,000</b>	<b>19.6%</b>
<b>Tax Revenues by Business Activities</b>																
Retail	6,432,000	-6.5%	7,150,000	11.2%	8,375,000	17.1%	9,405,000	12.3%	64,829,000	3.2%	69,088,000	6.6%	75,041,000	8.6%	87,091,000	16.1%
Rentals	2,568,000	1.0%	2,469,000	-3.9%	2,624,000	6.3%	3,299,000	25.7%	22,245,000	12.8%	23,715,000	6.6%	24,447,000	3.1%	27,732,000	13.4%
Utilities/Communication	523,000	-1.1%	507,000	-3.1%	471,000	-7.1%	517,000	9.8%	6,280,000	-1.4%	6,103,000	-2.8%	5,989,000	-1.9%	6,093,000	1.7%
Restaurants	1,148,000	-4.5%	1,014,000	-11.7%	1,059,000	4.4%	1,395,000	31.7%	9,712,000	1.1%	9,998,000	2.9%	8,268,000	-17.3%	11,773,000	42.4%
Contracting	1,124,000	86.7%	1,178,000	4.8%	707,000	-40.0%	1,001,000	41.6%	9,108,000	11.0%	10,203,000	12.0%	8,817,000	-13.6%	8,640,000	-2.0%
Hotel/Motel	432,000	3.1%	368,000	-14.8%	205,000	-44.3%	470,000	129.3%	2,173,000	10.8%	2,403,000	10.6%	1,238,000	-48.5%	2,666,000	115.3%
Transient (Bed Tax)	1,172,000	3.4%	982,000	-16.2%	529,000	-46.1%	1,251,000	136.5%	5,760,000	9.9%	6,531,000	13.4%	3,192,000	-51.1%	7,019,000	119.9%
Non-Recurring Business Activities	387,000	430.1%	(9,000)	-102.3%	145,000	-171.1%	61,000	-57.9%	1,336,000	-48.1%	2,026,000	51.6%	1,881,000	-7.2%	2,457,000	30.6%
Amusements	112,000	5.7%	101,000	-9.8%	82,000	-18.8%	126,000	53.7%	1,053,000	4.6%	1,139,000	8.2%	546,000	-52.1%	1,165,000	113.4%
All Other	57,000	-36.7%	72,000	26.3%	102,000	41.7%	107,000	4.9%	873,000	-99.3%	744,000	-14.8%	627,000	-15.7%	919,000	46.6%
<b>Totals</b>	<b>13,954,000</b>	<b>2.8%</b>	<b>13,831,000</b>	<b>-0.9%</b>	<b>14,299,000</b>	<b>3.4%</b>	<b>17,631,000</b>	<b>23.3%</b>	<b>123,370,000</b>	<b>-47.9%</b>	<b>131,951,000</b>	<b>7.0%</b>	<b>130,046,000</b>	<b>-1.4%</b>	<b>155,555,000</b>	<b>19.6%</b>
<b>Retail Tax Revenues by Activities</b>																
Automotive	1,016,000	-1.6%	1,119,000	10.1%	1,249,000	11.6%	1,295,000	3.7%	9,967,000	4.8%	10,481,000	5.2%	10,620,000	1.3%	11,863,000	11.7%
Building Supply Stores	256,000	10.3%	287,000	12.1%	340,000	18.5%	414,000	21.8%	2,500,000	5.8%	2,683,000	7.3%	3,051,000	13.7%	3,546,000	16.2%
Department Stores	918,000	1.9%	942,000	2.6%	1,155,000	22.6%	1,097,000	-5.0%	9,049,000	0.1%	9,365,000	3.5%	9,495,000	1.4%	10,525,000	10.8%
Drug/Small Stores	989,000	-12.6%	1,061,000	7.3%	1,334,000	25.7%	1,307,000	-2.0%	9,587,000	8.3%	10,591,000	10.5%	11,872,000	12.1%	12,418,000	4.6%
Furniture/Equipment/Electronics	434,000	-10.5%	445,000	2.5%	708,000	59.1%	686,000	-3.1%	5,073,000	-16.0%	4,961,000	-2.2%	5,949,000	19.9%	6,228,000	4.7%
Grocery Stores	771,000	2.4%	799,000	3.6%	859,000	7.5%	822,000	-4.3%	7,347,000	2.7%	7,484,000	1.9%	7,850,000	4.9%	8,160,000	3.9%
Manufacturing Firms	513,000	-18.2%	521,000	1.6%	665,000	27.6%	858,000	29.0%	5,916,000	4.4%	5,236,000	-11.5%	5,680,000	8.5%	6,382,000	47.6%
All Other Retail	1,535,000	-10.7%	1,976,000	28.7%	2,065,000	4.5%	2,926,000	41.7%	15,390,000	8.4%	18,287,000	18.8%	20,524,000	12.2%	25,969,000	26.5%
<b>Totals</b>	<b>6,432,000</b>	<b>-6.5%</b>	<b>7,150,000</b>	<b>11.2%</b>	<b>8,375,000</b>	<b>17.1%</b>	<b>9,405,000</b>	<b>12.3%</b>	<b>64,829,000</b>	<b>3.2%</b>	<b>69,088,000</b>	<b>6.6%</b>	<b>75,041,000</b>	<b>8.6%</b>	<b>87,091,000</b>	<b>16.1%</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	10,099,000	1,176,000	13.2%
Sep	7.9%	8,934,000	10,819,000	1,885,000	21.1%
<b>Oct</b>	9.2%	10,373,000	11,768,000	1,395,000	13.4%
<b>Nov</b>	8.0%	9,039,000	9,389,000	350,000	3.9%
<b>Dec</b>	8.3%	9,329,000	10,416,000	1,087,000	11.7%
<b>Jan</b>	8.4%	9,478,000	12,479,000	3,001,000	31.7%
<b>Feb</b>	7.9%	8,915,000	10,677,000	1,762,000	19.8%
<b>Mar</b>	8.3%	9,327,000	10,631,000	1,304,000	14.0%
<b>Apr</b>	8.5%	9,525,000			
<b>May</b>	7.8%	8,825,000			
<b>Jun</b>	8.1%	9,132,000			
<b>Totals</b>	<b>100.0%</b>	<b>\$ 112,450,000</b>	<b>\$ 96,700,000</b>	<b>\$ 11,732,000</b>	<b>10.4%</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	20,521,000	948,000	4.8%
Jul-Sep	25.4%	28,507,000	31,340,000	2,833,000	9.9%
<b>Jul-Oct</b>	34.6%	38,880,000	43,108,000	4,228,000	10.9%
<b>Jul-Nov</b>	42.6%	47,919,000	52,497,000	4,578,000	9.6%
<b>Jul-Dec</b>	50.9%	57,248,000	62,913,000	5,665,000	9.9%
<b>Jul-Jan</b>	59.3%	66,726,000	75,392,000	8,666,000	13.0%
<b>Jul-Feb</b>	67.3%	75,641,000	86,069,000	10,428,000	13.8%
<b>Jul-Mar</b>	75.6%	84,968,000	96,700,000	11,732,000	13.8%
<b>Jul-Apr</b>	84.0%	94,493,000			
<b>Jul-May</b>	91.9%	103,318,000			
<b>Jul-Jun</b>	100.0%	112,450,000			

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

Method	Privilege Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 131,959,000	\$ 112,450,000	\$ 19,509,000	17.3%
% Received	\$ 127,977,000	\$ 112,450,000	\$ 15,527,000	13.8%

### 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	\$ 496,000	\$ 250,000	101.6%
Aug	10.4%	405,000	597,000	192,000	47.4%
Sep	12.6%	488,000	559,000	71,000	14.5%
<b>Oct</b>	15.1%	585,000	685,000	100,000	17.1%
<b>Nov</b>	9.5%	368,000	808,000	440,000	119.6%
<b>Dec</b>	7.4%	287,000	875,000	588,000	204.9%
<b>Jan</b>	5.5%	215,000	849,000	634,000	294.9%
<b>Feb</b>	4.7%	184,000	899,000	715,000	388.6%
<b>Mar</b>	5.5%	212,000	1,251,000	1,039,000	490.1%
<b>Apr</b>	6.4%	250,000			
<b>May</b>	8.2%	319,000			
<b>Jun</b>	8.4%	325,000			
<b>Totals</b>	<b>100.0%</b>	<b>\$ 3,884,000</b>	<b>\$ 7,019,000</b>	<b>\$ 4,029,000</b>	<b>103.7%</b>

#### Cumulative Amounts

	2021-22 Budget		2021-22 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	6.3%	\$ 246,000	\$ 496,000	\$ 250,000	101.6%
Jul-Aug	16.8%	651,000	1,093,000	442,000	67.9%
Jul-Sep	29.3%	1,139,000	1,652,000	513,000	45.0%
<b>Jul-Oct</b>	44.4%	1,724,000	2,337,000	613,000	35.6%
<b>Jul-Nov</b>	53.9%	2,092,000	3,145,000	1,053,000	50.3%
<b>Jul-Dec</b>	61.3%	2,379,000	4,020,000	1,641,000	69.0%
<b>Jul-Jan</b>	66.8%	2,594,000	4,869,000	2,275,000	87.7%
<b>Jul-Feb</b>	71.5%	2,778,000	5,768,000	2,990,000	107.6%
<b>Jul-Mar</b>	77.0%	2,990,000	7,019,000	4,029,000	134.7%
<b>Jul-Apr</b>	83.4%	3,240,000			
<b>Jul-May</b>	91.6%	3,559,000			
<b>Jul-Jun</b>	100.0%	3,884,000			

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

Method	Bed Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 8,841,000	\$ 3,884,000	\$ 4,957,000	127.6%
% Received	\$ 9,118,000	\$ 3,884,000	\$ 5,234,000	134.8%

### 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	\$ 10,918,000	\$ 22,000	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%
<b>Oct</b>	9.4%	10,958,000	12,453,000	1,495,000	13.6%
<b>Nov</b>	8.1%	9,407,000	10,197,000	790,000	8.4%
<b>Dec</b>	8.3%	9,616,000	11,291,000	1,675,000	17.4%
<b>Jan</b>	8.3%	9,693,000	13,328,000	3,635,000	37.5%
<b>Feb</b>	7.8%	9,099,000	11,576,000	2,477,000	27.2%
<b>Mar</b>	8.2%	9,539,000	11,882,000	2,343,000	24.6%
<b>Apr</b>	8.4%	9,775,000			
<b>May</b>	7.9%	9,144,000			
<b>Jun</b>	8.1%	9,457,000			
<b>Totals</b>	<b>100.0%</b>	<b>\$ 116,334,000</b>	<b>\$ 103,719,000</b>	<b>\$ 15,761,000</b>	<b>13.5%</b>

#### Cumulative Amounts

	2021-22 Budget		2021-22 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	9.4%	\$ 10,896,000	\$ 10,918,000	\$ 22,000	0.2%
Jul-Aug	17.4%	20,224,000	21,614,000	1,390,000	6.9%
Jul-Sep	25.5%	29,646,000	32,992,000	3,346,000	11.3%
<b>Jul-Oct</b>	34.9%	40,604,000	45,445,000	4,841,000	11.9%
<b>Jul-Nov</b>	43.0%	50,011,000	55,642,000	5,631,000	11.3%
<b>Jul-Dec</b>	51.3%	59,627,000	66,933,000	7,306,000	12.3%
<b>Jul-Jan</b>	59.6%	69,320,000	80,261,000	10,941,000	15.8%
<b>Jul-Feb</b>	67.4%	78,419,000	91,837,000	13,418,000	17.1%
<b>Jul-Mar</b>	75.6%	87,958,000	103,719,000	15,761,000	17.9%
<b>Jul-Apr</b>	84.0%	97,733,000			
<b>Jul-May</b>	91.9%	106,877,000			
<b>Jul-Jun</b>	100.0%	116,334,000			

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

Method	Total Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 141,020,000	\$ 116,334,000	\$ 24,686,000	21.2%
% Received	\$ 137,180,000	\$ 116,334,000	\$ 20,846,000	17.9%