

MEMORANDUM



TO: Mayor and Council
FROM: Lauri Vickers, Municipal Budget & Finance Analyst
THROUGH: Mark Day, Municipal Budget Director
DATE: June 3, 2022
SUBJECT: Tax Revenue Statistical Report – April 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 April 2022 report summarizes our analysis of the March sales activity reported to the Arizona Department of Revenue (ADOR).

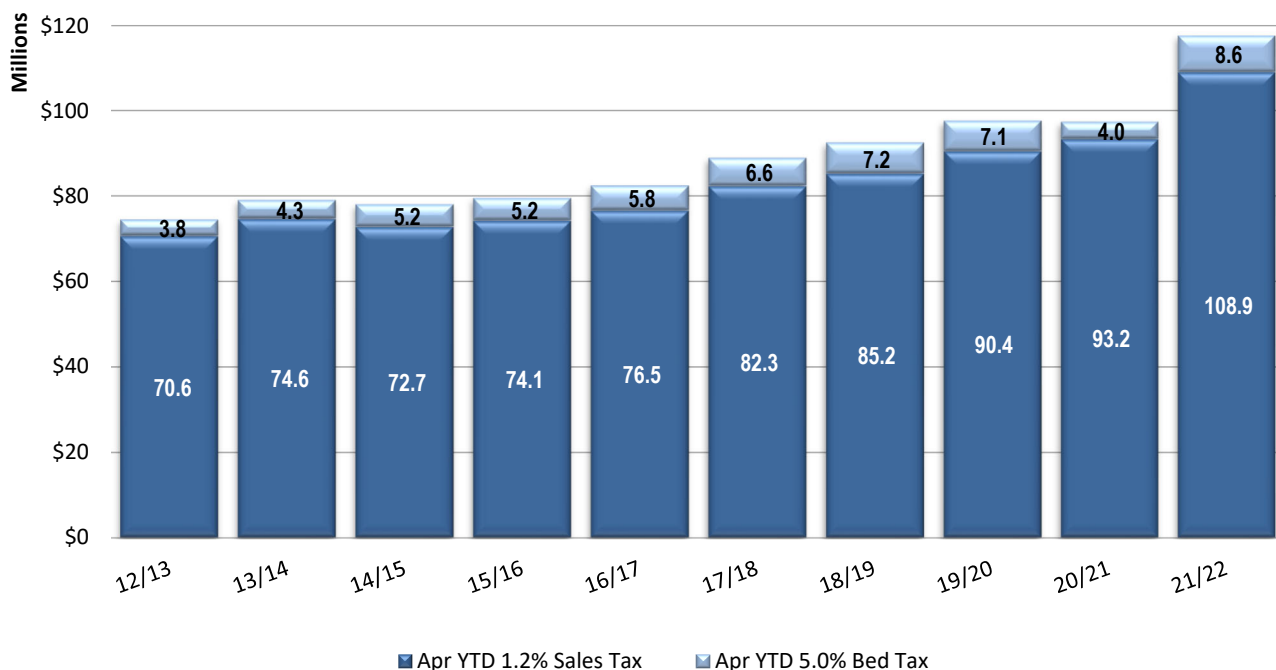
Overall Highlights

Total fiscal year to date taxable sales increased by 18.1% over the same year to date period in the prior fiscal year. Total sales tax revenue is up 19.7% or \$29.0 million, due to growth in retail (\$13.5 million), combined hotel/transient lodging (\$6.3 million) and restaurant (\$3.8 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

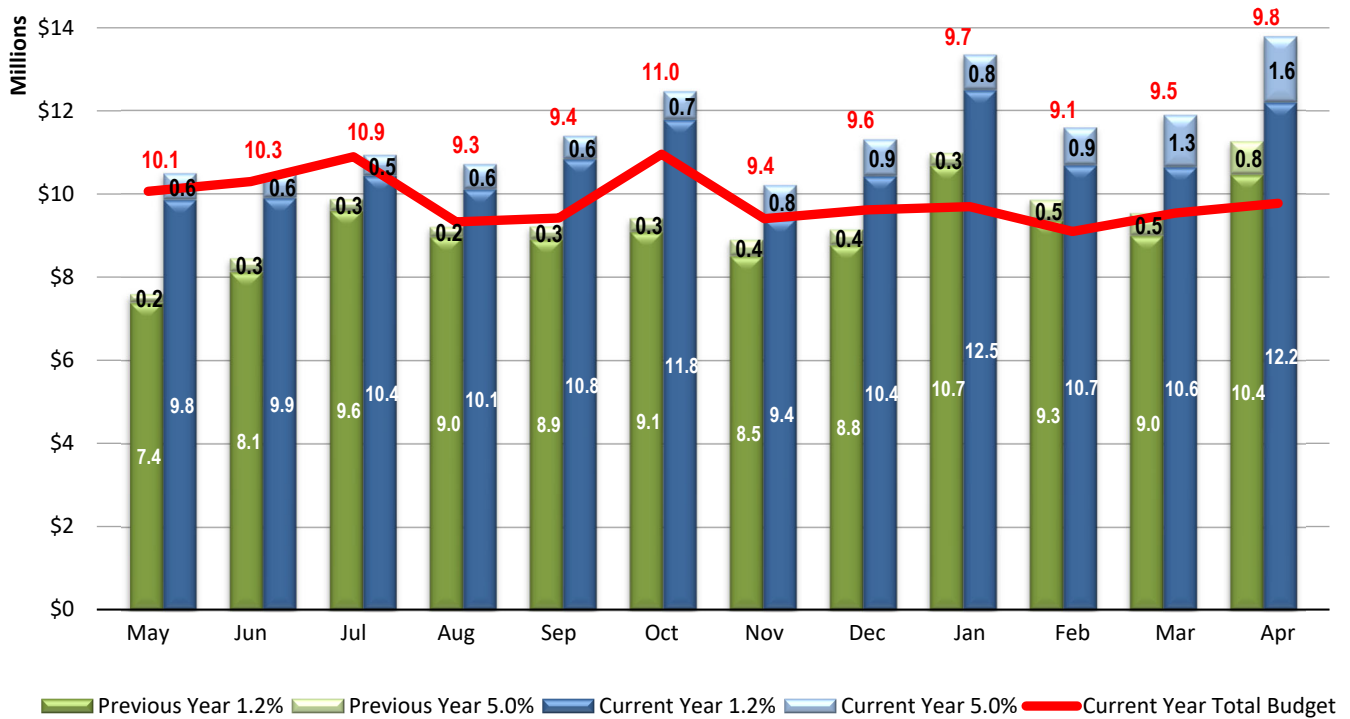
As the General Fund portion of the City's sales and bed tax revenue collections represents the General Fund's largest revenue source, further analysis is performed on these specific tax collections. The graph below depicts year to date General Fund historical sales and bed tax revenue from FY 2012/13 through FY 2021/22. General Fund sales and bed tax revenue for FY 2021/22 is up 20.8% or \$20.3 million over the prior year to date period.

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



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 \$14.4 million above revenue projections, General Fund bed tax is \$5.4 million above projections, and the combined General Fund sales and bed tax collections for the General Fund are \$19.8 million above the revenue projection.

- Attachments: Executive Summary
Actual Compared to Budget Projection

Executive Summary

Current Month - April

Fiscal Year to Date - April

	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	819,312,000	2.9%	781,168,000	-4.7%	909,327,000	16.4%	1,076,273,000	18.4%	7,468,380,000	3.9%	7,879,538,000	5.5%	8,020,615,000	1.8%	9,468,624,000	18.1%	
Retail Taxable Sales	432,163,000	1.2%	463,492,000	7.2%	538,752,000	16.2%	621,493,000	15.4%	4,033,795,000	2.8%	4,301,714,000	6.6%	4,720,864,000	9.7%	5,459,877,000	15.7%	
Tax Revenues by Fund																	
General Fund																	
Privilege Tax (1.2%)	9,108,000	1.3%	9,067,000	-0.5%	10,450,000	15.3%	12,183,000	16.6%	85,168,000	3.5%	90,388,000	6.1%	93,237,000	3.2%	108,883,000	16.8%	
Bed Tax (5.0%)	1,459,000	11.4%	587,000	-59.8%	801,000	36.5%	1,590,000	98.5%	7,219,000	10.2%	7,118,000	-1.4%	3,994,000	-43.9%	8,609,000	115.5%	
Privilege Tax Rebates	374,000	49.0%	167,000	-55.3%	270,000	61.7%	350,000	29.6%	2,720,000	11.9%	2,458,000	-9.6%	2,051,000	-16.6%	2,675,000	30.4%	
Total General Fund	10,941,000	3.7%	9,821,000	-10.2%	11,521,000	17.3%	14,123,000	22.6%	95,107,000	4.2%	99,964,000	5.1%	99,282,000	-0.7%	120,167,000	21.0%	
Transit Fund																	
Privilege Tax (0.5%)	3,798,000	1.3%	3,778,000	-0.5%	4,354,000	15.2%	5,076,000	16.6%	35,515,000	3.5%	37,683,000	6.1%	38,850,000	3.1%	45,369,000	16.8%	
Privilege Tax Rebates	153,000	50.0%	69,000	-54.9%	112,000	62.3%	146,000	30.4%	1,105,000	11.8%	1,002,000	-9.3%	854,000	-14.8%	1,113,000	30.3%	
Total Transit Fund	3,951,000	2.6%	3,847,000	-2.6%	4,466,000	16.1%	5,222,000	16.9%	36,620,000	3.8%	38,685,000	5.6%	39,704,000	2.6%	46,482,000	17.1%	
Arts & Culture Fund																	
Privilege Tax (0.1%)	790,000	2.6%	769,000	-2.7%	893,000	16.1%	1,044,000	16.9%	7,324,000	3.8%	7,737,000	5.6%	7,941,000	2.6%	9,296,000	17.1%	
Total Arts & Culture Fund	790,000	2.6%	769,000	-2.7%	893,000	16.1%	1,044,000	16.9%	7,324,000	3.8%	7,737,000	5.6%	7,941,000	2.6%	9,296,000	17.1%	
Totals	15,682,000	3.4%	14,437,000	-7.9%	16,880,000	16.9%	20,389,000	20.8%	139,051,000	-48.0%	146,386,000	5.3%	146,927,000	0.4%	175,945,000	19.7%	
Tax Revenues by Business Activities																	
Retail	7,779,000	1.2%	8,343,000	7.3%	9,698,000	16.2%	11,187,000	15.4%	72,608,000	3.0%	77,431,000	6.6%	84,739,000	9.4%	98,278,000	16.0%	
Rentals	2,752,000	11.1%	2,757,000	0.2%	3,061,000	11.0%	3,382,000	10.5%	24,996,000	12.6%	26,472,000	5.9%	27,509,000	3.9%	31,114,000	13.1%	
Utilities/Communication	516,000	-4.6%	501,000	-2.9%	497,000	-0.8%	528,000	6.2%	6,795,000	-1.7%	6,605,000	-2.8%	6,486,000	-1.8%	6,621,000	2.1%	
Restaurants	1,397,000	2.2%	837,000	-40.1%	1,299,000	55.2%	1,588,000	22.2%	11,109,000	1.3%	10,835,000	-2.5%	9,567,000	-11.7%	13,361,000	39.7%	
Contracting	1,031,000	8.0%	1,063,000	3.1%	927,000	-12.8%	1,046,000	12.8%	10,139,000	10.7%	11,266,000	11.1%	9,743,000	-13.5%	9,686,000	-0.6%	
Hotel/Motel	541,000	12.9%	217,000	-59.9%	307,000	41.5%	610,000	98.7%	2,714,000	11.2%	2,619,000	-3.5%	1,545,000	-41.0%	3,277,000	112.1%	
Transient (Bed Tax)	1,459,000	11.4%	587,000	-59.8%	801,000	36.5%	1,590,000	98.5%	7,219,000	10.2%	7,118,000	-1.4%	3,994,000	-43.9%	8,609,000	115.5%	
Non-Recurring Business Activities	9,000	-94.8%	-	-100.0%	67,000	100.0%	198,000	195.5%	1,345,000	-51.0%	2,026,000	50.6%	1,948,000	-3.8%	2,654,000	36.2%	
Amusements	136,000	-2.2%	75,000	-44.9%	92,000	22.7%	182,000	97.8%	1,189,000	3.7%	1,215,000	2.2%	638,000	-47.5%	1,347,000	111.1%	
All Other	63,000	53.7%	57,000	-9.5%	132,000	131.6%	80,000	-39.4%	935,000	-99.3%	801,000	-14.3%	758,000	-5.4%	999,000	31.8%	
Totals	15,682,000	3.4%	14,437,000	-7.9%	16,880,000	16.9%	20,389,000	20.8%	139,051,000	-48.0%	146,386,000	5.3%	146,927,000	0.4%	175,945,000	19.7%	
Retail Tax Revenues by Activities																	
Automotive	1,252,000	2.5%	987,000	-21.2%	1,563,000	58.4%	1,579,000	1.0%	11,219,000	4.5%	11,467,000	2.2%	12,183,000	6.2%	13,442,000	10.3%	
Building Supply Stores	319,000	15.6%	341,000	6.9%	396,000	16.1%	483,000	22.0%	2,819,000	6.8%	3,024,000	7.3%	3,447,000	14.0%	4,029,000	16.9%	
Department Stores	1,015,000	-6.5%	974,000	-4.0%	1,319,000	35.4%	1,277,000	-3.2%	10,064,000	-0.6%	10,339,000	2.7%	10,814,000	4.6%	11,802,000	9.1%	
Drug/Small Stores	1,225,000	1.2%	1,295,000	5.7%	1,424,000	10.0%	1,495,000	5.0%	10,812,000	7.5%	11,886,000	9.9%	13,296,000	11.9%	13,913,000	4.6%	
Furniture/Equipment/Electronics	553,000	-3.0%	520,000	-6.0%	580,000	11.5%	837,000	44.3%	5,626,000	-14.8%	5,481,000	-2.6%	6,529,000	19.1%	7,065,000	8.2%	
Grocery Stores	839,000	2.1%	1,011,000	20.5%	880,000	-13.0%	1,000,000	13.6%	8,187,000	2.6%	8,495,000	3.8%	8,730,000	2.8%	9,160,000	4.9%	
Manufacturing Firms	765,000	6.4%	713,000	-6.8%	708,000	-0.7%	1,168,000	65.0%	6,680,000	4.6%	5,949,000	-10.9%	6,389,000	7.4%	9,550,000	49.5%	
All Other Retail	1,811,000	1.6%	2,502,000	38.2%	2,828,000	13.0%	3,348,000	18.4%	17,201,000	7.7%	20,790,000	20.9%	23,351,000	12.3%	29,317,000	25.5%	
Totals	7,779,000	1.2%	8,343,000	7.3%	9,698,000	16.2%	11,187,000	15.4%	72,608,000	3.0%	77,431,000	6.6%	84,739,000	9.4%	98,278,000	16.0%	

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	9,389,000	350,000	3.9%
Dec	8.3%	9,329,000	10,416,000	1,087,000	11.7%
Jan	8.4%	9,478,000	12,479,000	3,001,000	31.7%
Feb	7.9%	8,915,000	10,677,000	1,762,000	19.8%
Mar	8.3%	9,327,000	10,631,000	1,304,000	14.0%
Apr	8.5%	9,525,000	12,183,000	2,658,000	27.9%
May	7.8%	8,825,000			
Jun	8.1%	9,132,000			
Totals	100.0%	\$ 112,450,000	\$ 108,883,000	\$ 14,390,000	12.8%

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	52,497,000	4,578,000	9.6%
Jul-Dec	50.9%	57,248,000	62,913,000	5,665,000	9.9%
Jul-Jan	59.3%	66,726,000	75,392,000	8,666,000	13.0%
Jul-Feb	67.3%	75,641,000	86,069,000	10,428,000	13.8%
Jul-Mar	75.6%	84,968,000	96,700,000	11,732,000	13.8%
Jul-Apr	84.0%	94,493,000	108,883,000	14,390,000	15.2%
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	\$ 131,931,000	\$ 112,450,000	\$ 19,481,000	17.3%
% Received	\$ 129,575,000	\$ 112,450,000	\$ 17,125,000	15.2%

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%
Oct	15.1%	585,000	685,000	100,000	17.1%
Nov	9.5%	368,000	808,000	440,000	119.6%
Dec	7.4%	287,000	875,000	588,000	204.9%
Jan	5.5%	215,000	849,000	634,000	294.9%
Feb	4.7%	184,000	899,000	715,000	388.6%
Mar	5.5%	212,000	1,251,000	1,039,000	490.1%
Apr	6.4%	250,000	1,590,000	1,340,000	536.0%
May	8.2%	319,000			
Jun	8.4%	325,000			
Totals	100.0%	\$ 3,884,000	\$ 8,609,000	\$ 5,369,000	138.2%

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%
Jul-Oct	44.4%	1,724,000	2,337,000	613,000	35.6%
Jul-Nov	53.9%	2,092,000	3,145,000	1,053,000	50.3%
Jul-Dec	61.3%	2,379,000	4,020,000	1,641,000	69.0%
Jul-Jan	66.8%	2,594,000	4,869,000	2,275,000	87.7%
Jul-Feb	71.5%	2,778,000	5,768,000	2,990,000	107.6%
Jul-Mar	77.0%	2,990,000	7,019,000	4,029,000	134.7%
Jul-Apr	83.4%	3,240,000	8,609,000	5,369,000	165.7%
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	\$ 10,057,000	\$ 3,884,000	\$ 6,173,000	158.9%
% Received	\$ 10,320,000	\$ 3,884,000	\$ 6,436,000	165.7%

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%
Oct	9.4%	10,958,000	12,453,000	1,495,000	13.6%
Nov	8.1%	9,407,000	10,197,000	790,000	8.4%
Dec	8.3%	9,616,000	11,291,000	1,675,000	17.4%
Jan	8.3%	9,693,000	13,328,000	3,635,000	37.5%
Feb	7.8%	9,099,000	11,576,000	2,477,000	27.2%
Mar	8.2%	9,539,000	11,882,000	2,343,000	24.6%
Apr	8.4%	9,775,000	13,773,000	3,998,000	40.9%
May	7.9%	9,144,000			
Jun	8.1%	9,457,000			
Totals	100.0%	\$ 116,334,000	\$ 117,492,000	\$ 19,759,000	17.0%

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%
Jul-Oct	34.9%	40,604,000	45,445,000	4,841,000	11.9%
Jul-Nov	43.0%	50,011,000	55,642,000	5,631,000	11.3%
Jul-Dec	51.3%	59,627,000	66,933,000	7,306,000	12.3%
Jul-Jan	59.6%	69,320,000	80,261,000	10,941,000	15.8%
Jul-Feb	67.4%	78,419,000	91,837,000	13,418,000	17.1%
Jul-Mar	75.6%	87,958,000	103,719,000	15,761,000	17.9%
Jul-Apr	84.0%	97,733,000	117,492,000	19,759,000	20.2%
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	\$ 142,130,000	\$ 116,334,000	\$ 25,796,000	22.2%
% Received	\$ 139,854,000	\$ 116,334,000	\$ 23,520,000	20.2%