

# MEMORANDUM



TO: Mayor and Council  
FROM: Lauri Vickers, Municipal Budget & Finance Analyst  
THROUGH: Mark Day, Municipal Budget Director  
DATE: September 30, 2022  
SUBJECT: Tax Revenue Statistical Report – August 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 August 2022 report summarizes our analysis of the July sales activity reported to the Arizona Department of Revenue (ADOR).

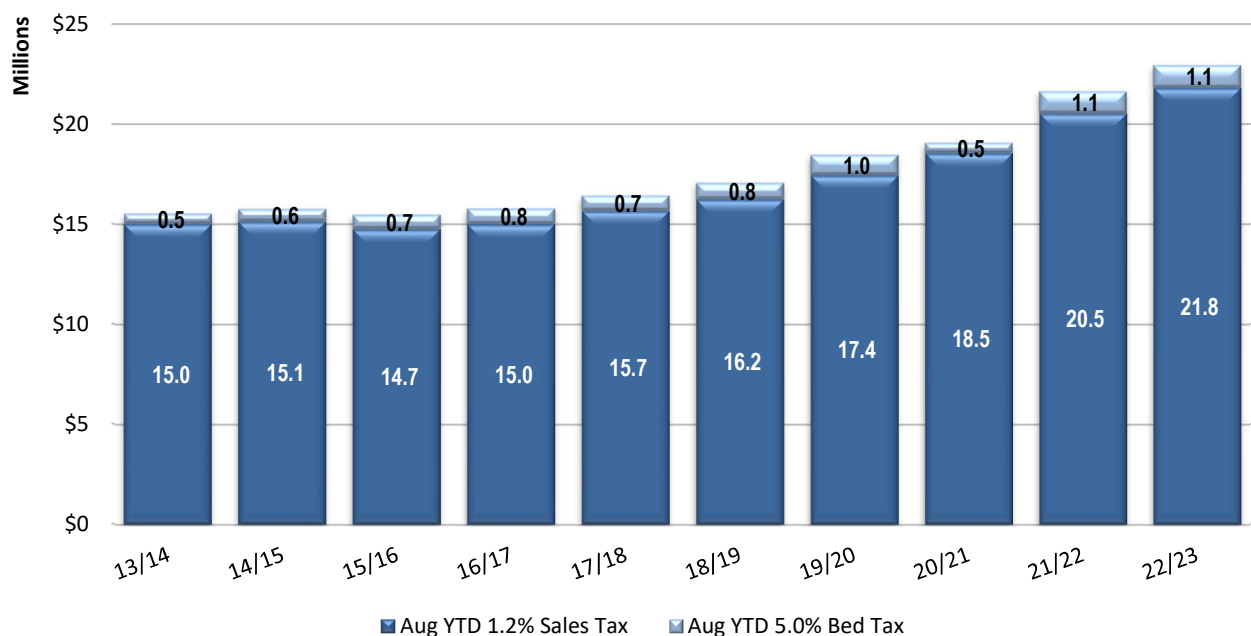
## Overall Highlights

Total fiscal year to date taxable *sales* increased by 5.8% over the same year to date period in the prior fiscal year. Total sales tax *revenue* is up 5.8% or \$1.9 million, due to growth in non-recurring business activities (\$1.1 million), rentals (\$955 thousand) and contracting (\$416 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

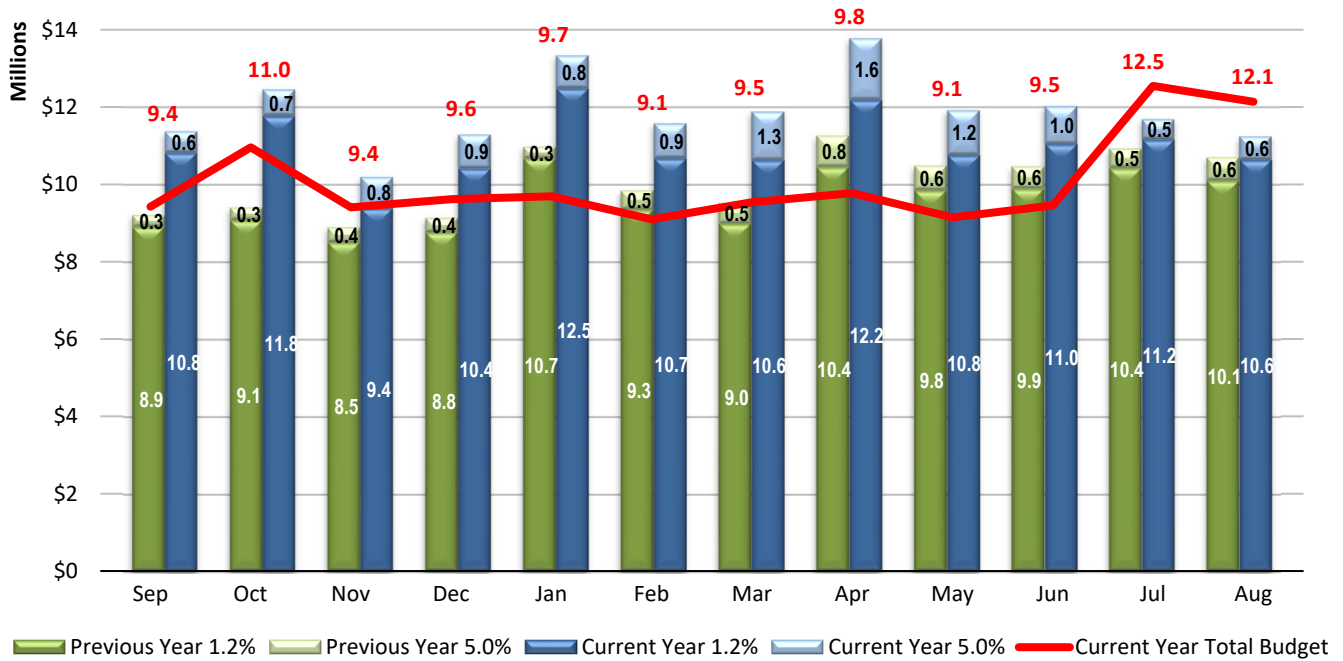
As the General Fund portion of the City's sales and bed tax revenue collections represents the General Fund's largest revenue source, further analysis is performed on these specific tax collections. The graph below depicts year to date General Fund historical sales and bed tax revenue from FY 2013/14 through FY 2022/23. General Fund sales and bed tax revenue for FY 2022/23 is up 6.1% or \$1.3 million over the prior year to date period.

**General Fund Year to Date Sales and Bed Tax Collections through August**



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 2022/23 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 2022/23 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 \$1.1 million below revenue projections, General Fund bed tax is \$623 thousand below projections, and the combined General Fund sales and bed tax collections for the General Fund are \$1.8 million below the revenue projection.

- Attachments: Executive Summary  
Actual Compared to Budget Projection

## Executive Summary

### Current Month - August

### Fiscal Year to Date - August

	2019-20		2020-21		2021-22		2022-23		2019-20		2020-21		2021-22		2022-23		
	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change	Amount	Change	
<b>Taxable Sales</b>																	
Total Taxable Sales	778,660,000	13.7%	764,007,000	-1.9%	871,978,000	14.1%	924,817,000	6.1%	1,516,024,000	7.6%	1,583,915,000	4.5%	1,771,104,000	11.8%	1,874,408,000	5.8%	
Retail Taxable Sales	434,535,000	14.3%	444,050,000	2.2%	517,703,000	16.6%	503,402,000	-2.8%	836,392,000	5.2%	904,791,000	8.2%	1,051,389,000	16.2%	995,348,000	-5.3%	
<b>Tax Revenues by Fund</b>																	
<b>General Fund</b>																	
Privilege Tax (1.2%)	8,984,000	14.0%	8,955,000	-0.3%	10,099,000	12.8%	10,641,000	5.4%	17,435,000	7.4%	18,542,000	6.3%	20,521,000	10.7%	21,801,000	6.2%	
Bed Tax (5.0%)	454,000	13.8%	236,000	-48.0%	597,000	153.0%	602,000	0.8%	999,000	24.4%	505,000	-49.4%	1,092,000	116.2%	1,127,000	3.2%	
Privilege Tax Rebates	251,000	4.6%	156,000	-37.8%	222,000	42.3%	312,000	40.5%	518,000	7.7%	344,000	-33.6%	470,000	36.6%	422,000	-10.2%	
<b>Total General Fund</b>	<b>9,689,000</b>	<b>13.7%</b>	<b>9,347,000</b>	<b>-3.5%</b>	<b>10,918,000</b>	<b>16.8%</b>	<b>11,555,000</b>	<b>5.8%</b>	<b>18,952,000</b>	<b>8.2%</b>	<b>19,391,000</b>	<b>2.3%</b>	<b>22,083,000</b>	<b>13.9%</b>	<b>23,350,000</b>	<b>5.7%</b>	
<b>Transit Fund</b>																	
Privilege Tax (0.5%)	3,746,000	14.1%	3,731,000	-0.4%	4,208,000	12.8%	4,434,000	5.4%	7,270,000	7.5%	7,726,000	6.3%	8,551,000	10.7%	9,084,000	6.2%	
Privilege Tax Rebates	102,000	2.0%	65,000	-36.3%	92,000	41.5%	130,000	41.3%	210,000	5.0%	143,000	-31.9%	196,000	37.1%	176,000	-10.2%	
<b>Total Transit Fund</b>	<b>3,848,000</b>	<b>13.7%</b>	<b>3,796,000</b>	<b>-1.4%</b>	<b>4,300,000</b>	<b>13.3%</b>	<b>4,564,000</b>	<b>6.1%</b>	<b>7,480,000</b>	<b>7.4%</b>	<b>7,869,000</b>	<b>5.2%</b>	<b>8,747,000</b>	<b>11.2%</b>	<b>9,260,000</b>	<b>5.9%</b>	
<b>Arts &amp; Culture Fund</b>																	
Privilege Tax (0.1%)	770,000	13.7%	759,000	-1.4%	860,000	13.3%	913,000	6.2%	1,496,000	7.4%	1,574,000	5.2%	1,749,000	11.1%	1,852,000	5.9%	
<b>Total Arts &amp; Culture Fund</b>	<b>770,000</b>	<b>13.7%</b>	<b>759,000</b>	<b>-1.4%</b>	<b>860,000</b>	<b>13.3%</b>	<b>913,000</b>	<b>6.2%</b>	<b>1,496,000</b>	<b>7.4%</b>	<b>1,574,000</b>	<b>5.2%</b>	<b>1,749,000</b>	<b>11.1%</b>	<b>1,852,000</b>	<b>5.9%</b>	
<b>Totals</b>	<b>14,307,000</b>	<b>13.7%</b>	<b>13,902,000</b>	<b>-2.8%</b>	<b>16,078,000</b>	<b>15.7%</b>	<b>17,032,000</b>	<b>5.9%</b>	<b>27,928,000</b>	<b>-46.0%</b>	<b>28,834,000</b>	<b>3.2%</b>	<b>32,579,000</b>	<b>13.0%</b>	<b>34,462,000</b>	<b>5.8%</b>	
<b>Tax Revenues by Business Activities</b>																	
Retail	7,822,000	14.3%	7,993,000	2.2%	9,319,000	16.6%	9,061,000	-2.8%	15,055,000	5.2%	16,286,000	8.2%	18,925,000	16.2%	17,916,000	-5.3%	
Rentals	2,492,000	9.3%	2,716,000	9.0%	2,890,000	6.4%	3,436,000	18.9%	5,148,000	11.5%	5,415,000	5.2%	5,974,000	10.3%	6,929,000	16.0%	
Utilities/Communication	853,000	-4.2%	838,000	-1.8%	851,000	1.6%	964,000	13.3%	1,516,000	-7.4%	1,548,000	2.1%	1,625,000	5.0%	1,722,000	6.0%	
Restaurants	1,027,000	8.9%	742,000	-27.8%	1,235,000	66.4%	1,294,000	4.8%	2,106,000	6.9%	1,582,000	-24.9%	2,434,000	53.9%	2,611,000	7.3%	
Contracting	1,221,000	37.2%	1,221,000	0.0%	705,000	-42.3%	985,000	39.7%	2,224,000	17.0%	2,374,000	6.7%	1,568,000	-34.0%	1,984,000	26.5%	
Hotel/Motel	172,000	11.7%	89,000	-48.3%	231,000	159.6%	242,000	4.8%	377,000	16.7%	192,000	-49.1%	422,000	119.8%	437,000	3.6%	
Transient (Bed Tax)	454,000	13.8%	236,000	-48.0%	597,000	153.0%	602,000	0.8%	999,000	24.4%	505,000	-49.4%	1,092,000	116.2%	1,127,000	3.2%	
Non-Recurring Business Activities	86,000	2766.7%	-	-100.0%	73,000	100.0%	200,000	174.0%	119,000	-267.6%	726,000	510.1%	147,000	-79.8%	1,287,000	775.5%	
Amusements	127,000	17.6%	17,000	-86.6%	117,000	588.2%	188,000	60.7%	275,000	11.3%	89,000	-67.6%	272,000	205.6%	327,000	20.2%	
All Other	53,000	-25.4%	51,000	-3.8%	60,000	17.6%	60,000	0.0%	109,000	-99.6%	117,000	7.3%	120,000	2.6%	121,000	0.8%	
<b>Totals</b>	<b>14,307,000</b>	<b>13.7%</b>	<b>13,902,000</b>	<b>-2.8%</b>	<b>16,078,000</b>	<b>15.7%</b>	<b>17,032,000</b>	<b>5.9%</b>	<b>27,928,000</b>	<b>-46.0%</b>	<b>28,834,000</b>	<b>3.2%</b>	<b>32,579,000</b>	<b>13.0%</b>	<b>34,462,000</b>	<b>5.8%</b>	
<b>Retail Tax Revenues by Activities</b>																	
Automotive	1,130,000	-0.1%	1,102,000	-2.5%	1,367,000	24.0%	1,350,000	-1.2%	2,331,000	4.4%	2,282,000	-2.1%	2,723,000	19.3%	2,710,000	-0.5%	
Building Supply Stores	313,000	8.7%	361,000	15.3%	401,000	11.1%	436,000	8.7%	645,000	10.3%	714,000	10.7%	832,000	16.5%	928,000	11.5%	
Department Stores	975,000	10.4%	903,000	-7.4%	1,088,000	20.5%	1,150,000	5.7%	1,941,000	2.7%	1,931,000	-0.5%	2,190,000	13.4%	2,311,000	5.5%	
Drug/Small Stores	1,193,000	22.1%	1,243,000	4.2%	1,211,000	-2.6%	1,286,000	6.2%	2,251,000	12.3%	2,558,000	13.6%	2,595,000	1.4%	2,066,000	-20.4%	
Furniture/Equipment/Electronics	580,000	14.9%	728,000	25.5%	739,000	1.5%	550,000	-25.6%	1,321,000	7.3%	1,431,000	8.3%	1,688,000	18.0%	837,000	-50.4%	
Grocery Stores	758,000	4.6%	833,000	9.9%	733,000	-12.0%	823,000	12.3%	1,486,000	2.6%	1,657,000	11.5%	1,561,000	-5.8%	1,730,000	10.8%	
Manufacturing Firms	777,000	27.2%	550,000	-29.2%	726,000	32.0%	417,000	-42.6%	1,275,000	-14.3%	1,209,000	-5.2%	1,676,000	38.6%	643,000	-61.6%	
All Other Retail	2,096,000	21.7%	2,273,000	8.4%	3,054,000	34.4%	3,049,000	-0.2%	3,805,000	10.8%	4,504,000	18.4%	5,660,000	25.7%	6,691,000	18.2%	
<b>Totals</b>	<b>7,822,000</b>	<b>14.3%</b>	<b>7,993,000</b>	<b>2.2%</b>	<b>9,319,000</b>	<b>16.6%</b>	<b>9,061,000</b>	<b>-2.8%</b>	<b>15,055,000</b>	<b>5.2%</b>	<b>16,286,000</b>	<b>8.2%</b>	<b>18,925,000</b>	<b>16.2%</b>	<b>17,916,000</b>	<b>-5.3%</b>	

## Actual Compared to Budget Projection

### Privilege Tax Revenue - General Fund (1.2%) 2022-23 Actual Compared to Budget

#### Monthly Amounts

	2022-23 Budget		2022-23 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	8.4%	\$ 11,776,000	\$ 11,160,000	\$ (616,000)	-5.2%
Aug	7.9%	11,161,000	10,641,000	(520,000)	-4.7%
Sep	8.0%	11,286,000			
Oct	9.1%	12,834,000			
Nov	8.1%	11,429,000			
Dec	8.4%	11,853,000			
Jan	9.2%	12,938,000			
Feb	8.0%	11,201,000			
Mar	8.3%	11,718,000			
Apr	8.5%	11,896,000			
May	7.9%	11,053,000			
Jun	8.1%	11,430,000			
<b>Totals</b>	<b>100.0%</b>	<b>\$ 140,575,000</b>	<b>\$ 21,801,000</b>	<b>\$ (1,136,000)</b>	<b>-0.8%</b>

#### Cumulative Amounts

	2022-23 Budget		2022-23 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	8.4%	\$ 11,776,000	\$ 11,160,000	\$ (616,000)	-5.2%
Jul-Aug	16.3%	22,937,000	21,801,000	(1,136,000)	-5.0%
Jul-Sep	24.3%	34,223,000			
Jul-Oct	33.5%	47,057,000			
Jul-Nov	41.6%	58,486,000			
Jul-Dec	50.0%	70,339,000			
Jul-Jan	59.2%	83,277,000			
Jul-Feb	67.2%	94,478,000			
Jul-Mar	75.5%	106,196,000			
Jul-Apr	84.0%	118,092,000			
Jul-May	91.9%	129,145,000			
Jul-Jun	100.0%	140,575,000			

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

Method	Privilege Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 138,843,000	\$ 140,575,000	\$ (1,732,000)	-1.2%
% Received	\$ 133,613,000	\$ 140,575,000	\$ (6,962,000)	-5.0%

### Bed Tax Revenue - General Fund (5.0%) 2022-23 Actual Compared to Budget

#### Monthly Amounts

	2022-23 Budget		2022-23 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	7.1%	\$ 772,000	\$ 525,000	\$ (247,000)	-32.0%
Aug	9.0%	978,000	602,000	(376,000)	-38.4%
Sep	11.7%	1,276,000			
Oct	12.6%	1,376,000			
Nov	8.4%	915,000			
Dec	7.9%	855,000			
Jan	5.6%	605,000			
Feb	6.1%	660,000			
Mar	6.8%	739,000			
Apr	7.4%	803,000			
May	8.4%	914,000			
Jun	9.1%	985,000			
<b>Totals</b>	<b>100.0%</b>	<b>\$ 10,878,000</b>	<b>\$ 1,127,000</b>	<b>\$ (623,000)</b>	<b>-5.7%</b>

#### Cumulative Amounts

	2022-23 Budget		2022-23 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	7.1%	\$ 772,000	\$ 525,000	\$ (247,000)	-32.0%
Jul-Aug	16.1%	1,750,000	1,127,000	(623,000)	-35.6%
Jul-Sep	27.8%	3,026,000			
Jul-Oct	40.5%	4,402,000			
Jul-Nov	48.9%	5,317,000			
Jul-Dec	56.7%	6,172,000			
Jul-Jan	62.3%	6,777,000			
Jul-Feb	68.4%	7,437,000			
Jul-Mar	75.2%	8,176,000			
Jul-Apr	82.5%	8,979,000			
Jul-May	90.9%	9,893,000			
Jul-Jun	100.0%	10,878,000			

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

Method	Bed Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 11,067,000	\$ 10,878,000	\$ 189,000	1.7%
% Received	\$ 7,005,000	\$ 10,878,000	\$ (3,873,000)	-35.6%

### Total General Fund Tax Revenue 2022-23 Actual Compared to Budget

#### Monthly Amounts

	2022-23 Budget		2022-23 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	8.3%	\$ 12,548,000	\$ 11,685,000	\$ (863,000)	-6.9%
Aug	8.0%	12,139,000	11,243,000	(896,000)	-7.4%
Sep	8.3%	12,562,000			
Oct	9.4%	14,210,000			
Nov	8.2%	12,344,000			
Dec	8.4%	12,708,000			
Jan	8.9%	13,543,000			
Feb	7.8%	11,861,000			
Mar	8.2%	12,457,000			
Apr	8.4%	12,699,000			
May	7.9%	11,967,000			
Jun	8.2%	12,415,000			
<b>Totals</b>	<b>100.0%</b>	<b>\$ 151,453,000</b>	<b>\$ 22,928,000</b>	<b>\$ (1,759,000)</b>	<b>-1.2%</b>

#### Cumulative Amounts

	2022-23 Budget		2022-23 Actual	Over / (Under)	
	Percent	Amount		Amount	Percent
Jul	8.3%	\$ 12,548,000	\$ 11,685,000	\$ (863,000)	-6.9%
Jul-Aug	16.3%	24,687,000	22,928,000	(1,759,000)	-7.1%
Jul-Sep	24.6%	37,249,000			
Jul-Oct	34.0%	51,459,000			
Jul-Nov	42.1%	63,803,000			
Jul-Dec	50.5%	76,511,000			
Jul-Jan	59.5%	90,054,000			
Jul-Feb	67.3%	101,915,000			
Jul-Mar	75.5%	114,372,000			
Jul-Apr	83.9%	127,071,000			
Jul-May	91.8%	139,038,000			
Jul-Jun	100.0%	151,453,000			

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

Method	Total Tax		Over / (Under)	
	Projected	Budget	Amount	Percent
% of Increase	\$ 150,022,000	\$ 151,453,000	\$ (1,431,000)	-0.9%
% Received	\$ 140,662,000	\$ 151,453,000	\$ (10,791,000)	-7.1%