

Memorandum



Finance and Technology Department

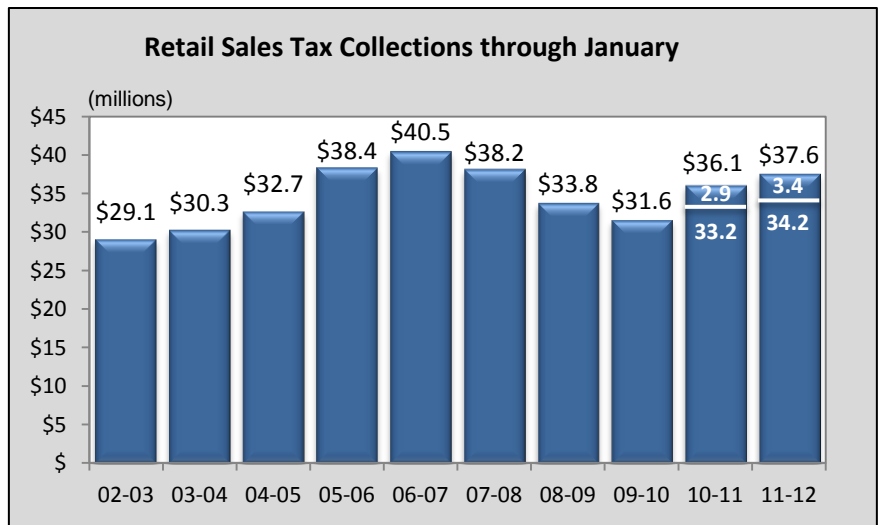
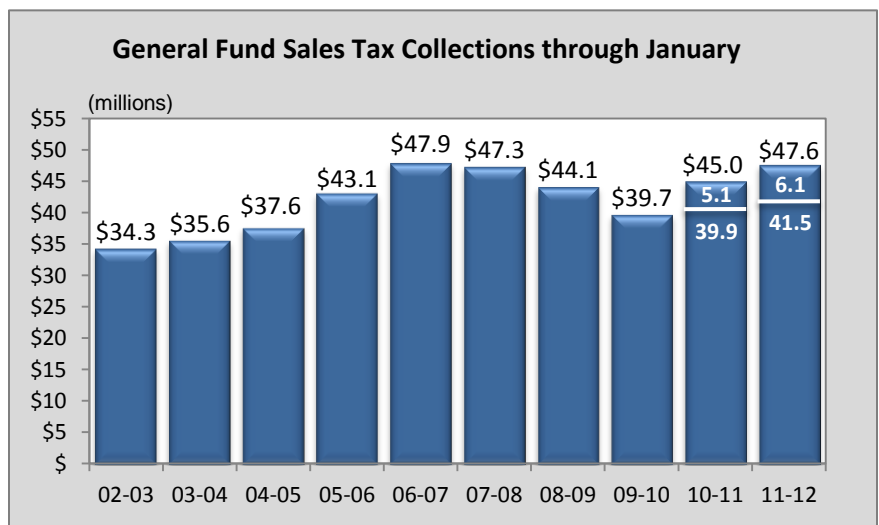
Date: February 24, 2012
To: Mayor and Council
From: Ken Jones, Finance and Technology Director (350-8504)
Subject: Tax Revenue Statistical Report – **January 2012**

Attached is the Executive Summary of the Tax Revenue Statistical Report for January 2012 covering December sales activity reported to our Tax and License Division in January.

Due to an error in our billing system, some monthly privilege tax returns were not mailed or received by the Sales Tax Office on time, which has caused a reduction in reported January collections and will result in increased February collections. Year-to-date sales tax revenue will be reflected more accurately in February's Tax Revenue Report.

The graph to the right depicts year-to-date General Fund historical privilege tax revenue from FY 2002-03 through FY 2011-12. Tax revenue collected for 2011-12 is up 5.7% from the same period in the prior fiscal year. In terms of actual dollars received (\$47.6 million), we are \$2.6 million ahead of last fiscal year (\$45.0 million). However, the increase is due in part to the lag time between the implementation of the temporary sales tax and the first month in which revenues were received last year. If we account for the fact that there were no collections from this tax in August of last year, General Fund sales tax collections would be up 3.7% from the same period last year.

Retail, which historically represents 55% of total sales tax collections, is 4.2% higher than last year's year-to-date collections (including the temporary sales tax). Within the retail category, the Automotive sector posted a 11.3% increase, (including the temporary sales tax).

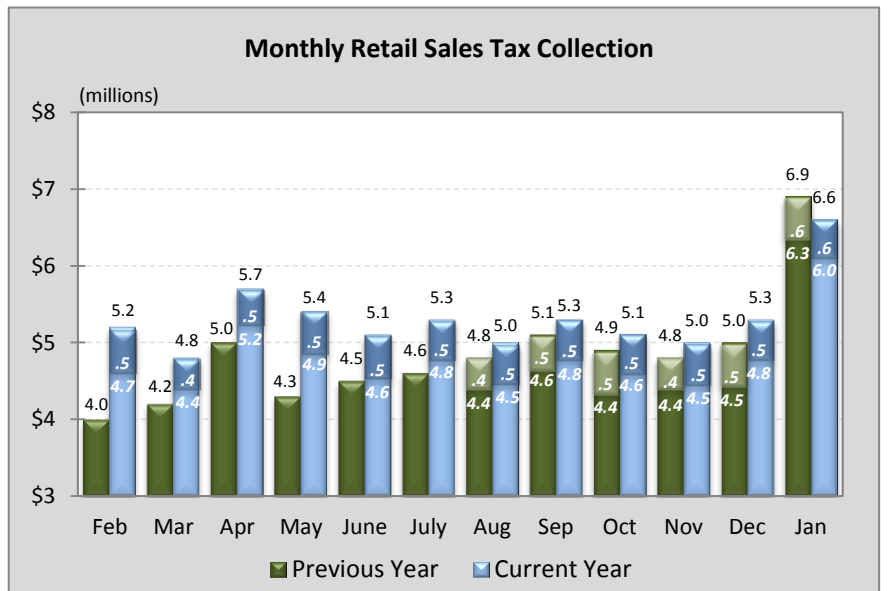
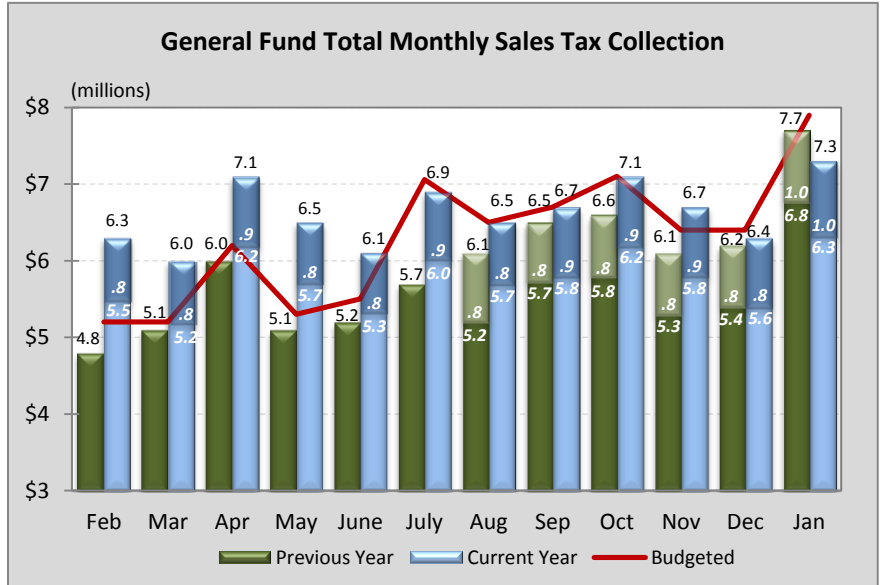


The graph to the right represents twelve months of activity, comparing current year General Fund monthly sales tax collections to the previous year. Current and previous years' collections are broken into two components: the 1.2% permanent tax and the 0.2% temporary tax.

Though sales taxes are not budgeted on a monthly basis, it is possible to apply historical collection percentages to the annual budget number to gain insight into sales tax performance. Using this approach, sales tax collections are \$410 thousand below forecast through January.

The final chart shows twelve months of collection activity comparing monthly retail sales tax from the current year to the prior year. For January, retail sales collections decreased by 5.7% over the same month last year (including the temporary tax increase).

As stated in the first paragraph of this report, reported January sales and tax collections were negatively impacted by a system error, which will be corrected in the February reporting period.



Executive Summary

	Current Month - January								Fiscal Year to Date through January							
	2008-09	Change	2009-10	Change	2010-11	Change	2011-12	Change	2008-09	Change	2009-10	Change	2010-11	Change	2011-12	Change
Taxable Sales																
Total Taxable Sales	630,975,000	-5.3%	616,857,000	-2.2%	594,944,000	-3.6%	562,957,000	-5.4%	3,947,103,000	-6.7%	3,526,725,000	-10.7%	3,555,578,000	0.8%	3,612,190,000	1.6%
Retail Taxable Sales	326,492,000	-7.0%	336,730,000	3.1%	332,458,000	-1.3%	323,038,000	-2.8%	1,850,336,000	-11.0%	1,707,185,000	-7.7%	1,812,224,000	6.2%	1,827,502,000	0.8%
Tax Revenues by Funds																
Privilege Tax - General Fund (1.2%)	7,103,000	-4.9%	6,939,000	-2.3%	6,757,000	-2.6%	6,370,000	-5.7%	44,094,000	-6.9%	39,734,000	-9.9%	39,942,000	0.5%	41,461,000	3.8%
Temporary Privilege Tax - General Fund					1,002,000		961,000	-4.1%					5,055,000		6,119,000	21.0%
Transit Tax Fund (.5%)	2,995,000	-5.2%	2,891,000	-3.5%	2,815,000	-2.6%	2,656,000	-5.6%	18,515,000	-7.8%	16,565,000	-10.5%	16,651,000	0.5%	17,289,000	3.8%
Arts Tax Fund (.1%)	620,000	-5.5%	601,000	-3.1%	585,000	-2.7%	555,000	-5.1%	3,817,000	-7.5%	3,423,000	-10.3%	3,441,000	0.5%	3,573,000	3.8%
Privilege Tax - Rebates Fund	550,000	2.8%	498,000	-9.5%	474,000	-4.8%	459,000	-3.2%	2,951,000	6.5%	2,546,000	-13.7%	2,797,000	9.9%	2,228,000	-20.3%
Bed Tax Fund	215,000	-6.5%	174,000	-19.1%	300,000	72.4%	296,000	-1.3%	1,472,000	-7.1%	1,189,000	-19.2%	1,868,000	57.1%	1,981,000	6.0%
Totals	11,483,000	-4.7%	11,103,000	-3.3%	11,933,000	7.5%	11,297,000	-5.3%	70,849,000	-6.7%	63,457,000	-10.4%	69,754,000	9.9%	72,651,000	4.2%
Tax Revenues - Business Activities																
Retail	6,016,000	-9.1%	6,203,000	3.1%	6,905,000	11.3%	6,619,000	-4.1%	33,786,000	-11.5%	31,554,000	-6.6%	36,112,000	14.4%	37,631,000	4.2%
Rentals	2,183,000	11.4%	2,073,000	-5.0%	2,172,000	4.8%	1,923,000	-11.5%	12,871,000	4.8%	12,237,000	-4.9%	13,319,000	8.8%	13,576,000	1.9%
Utilities/Communication	782,000	-5.3%	760,000	-2.8%	729,000	-4.1%	808,000	10.8%	6,880,000	0.7%	6,154,000	-10.6%	6,587,000	7.0%	6,788,000	3.1%
Restaurants	793,000	-5.4%	732,000	-7.7%	854,000	16.7%	824,000	-3.5%	5,191,000	-1.0%	4,737,000	-8.7%	5,281,000	11.5%	5,626,000	6.5%
Contracting	1,015,000	-8.5%	748,000	-26.3%	566,000	-24.3%	401,000	-29.2%	7,520,000	-11.5%	4,988,000	-33.7%	3,644,000	-26.9%	4,145,000	13.7%
Hotel/Motel	180,000	-4.8%	162,000	-10.0%	161,000	-0.6%	174,000	8.1%	1,184,000	-11.3%	957,000	-19.2%	1,046,000	9.3%	1,141,000	9.1%
Transient (Bed Tax)	215,000	-6.5%	175,000	-18.6%	300,000	71.4%	296,000	-1.3%	1,472,000	-7.1%	1,190,000	-19.2%	1,869,000	57.1%	1,982,000	6.0%
Amusements	127,000	-13.6%	146,000	15.0%	150,000	2.7%	141,000	-6.0%	923,000	6.3%	952,000	3.1%	1,082,000	13.7%	1,036,000	-4.3%
All Other	172,000	31.3%	104,000	-39.5%	96,000	-7.7%	111,000	15.6%	1,022,000	-4.6%	688,000	-32.7%	814,000	18.3%	726,000	-10.8%
Totals	11,483,000	-4.7%	11,103,000	-3.3%	11,933,000	7.5%	11,297,000	-5.3%	70,849,000	-6.7%	63,457,000	-10.4%	69,754,000	9.9%	72,651,000	4.2%
Tax Revenues - Retail Activities Breakdown																
Automotive	607,000	-35.4%	621,000	2.3%	804,000	29.5%	844,000	5.0%	4,777,000	-36.9%	4,182,000	-12.5%	4,885,000	16.8%	5,436,000	11.3%
Furniture/Equipment/Electronics	1,610,000	2.1%	1,472,000	-8.6%	1,554,000	5.6%	1,443,000	-7.1%	8,188,000	-8.9%	6,469,000	-21.0%	7,922,000	22.5%	8,011,000	1.1%
Department Stores	1,294,000	-7.8%	1,234,000	-4.6%	1,407,000	14.0%	1,445,000	2.7%	6,533,000	-3.0%	5,973,000	-8.6%	6,747,000	13.0%	7,197,000	6.7%
Grocery Stores	805,000	-0.4%	775,000	-3.7%	836,000	7.9%	781,000	-6.6%	4,061,000	-3.3%	3,816,000	-6.0%	4,067,000	6.6%	4,224,000	3.9%
Drugs/Small Stores	605,000	-11.3%	648,000	7.1%	739,000	14.0%	722,000	-2.3%	3,390,000	-0.6%	3,385,000	-0.1%	3,871,000	14.4%	4,122,000	6.5%
Manufacturing Firms	406,000	23.4%	511,000	25.9%	335,000	-34.4%	425,000	26.9%	2,640,000	13.4%	2,328,000	-11.8%	1,964,000	-15.6%	2,320,000	18.1%
Building Supply Stores	136,000	-37.0%	141,000	3.7%	159,000	12.8%	172,000	8.2%	1,161,000	-26.1%	1,120,000	-3.5%	1,238,000	10.5%	1,241,000	0.2%
All Other Retail	553,000	-16.3%	801,000	44.8%	1,071,000	33.7%	787,000	-26.5%	3,036,000	-10.7%	4,281,000	41.0%	5,418,000	26.6%	5,080,000	-6.2%
Totals	6,016,000	-9.1%	6,203,000	3.1%	6,905,000	11.3%	6,619,000	-4.1%	33,786,000	-11.5%	31,554,000	-6.6%	36,112,000	14.4%	37,631,000	4.2%
Tax Revenues - Business Districts																
Elliot Corridor	1,234,000	-13.5%	1,345,000	9.0%	1,606,000	19.4%	1,719,000	7.0%	8,650,000	-15.0%	7,714,000	-10.8%	9,075,000	17.6%	9,279,000	2.2%
Autoplex (included in Elliot Corridor)	401,000	-20.8%	420,000	4.7%	534,000	27.1%	704,000	31.8%	3,267,000	-25.8%	2,740,000	-16.1%	3,225,000	17.7%	3,611,000	12.0%
Market Place	562,000	6.0%	572,000	1.8%	616,000	7.7%	723,000	17.4%	2,805,000	75.9%	2,755,000	-1.8%	3,050,000	10.7%	3,223,000	5.7%
Mills Mall	723,000	-8.7%	677,000	-6.4%	774,000	14.3%	961,000	24.2%	3,457,000	-11.2%	3,162,000	-8.5%	3,675,000	16.2%	3,913,000	6.5%
Downtown Tempe	293,000	-7.3%	272,000	-7.2%	278,000	2.2%	405,000	45.7%	1,783,000	-8.7%	1,568,000	-12.1%	1,755,000	11.9%	2,065,000	17.7%
Apache Blvd.	180,000	-7.2%	156,000	-13.3%	206,000	32.1%	180,000	-12.6%	1,182,000	-5.8%	1,135,000	-4.0%	1,278,000	12.6%	1,240,000	-3.0%
ASU Properties	118,000	-12.6%	113,000	-4.2%	132,000	16.8%	226,000	71.2%	918,000	9.5%	708,000	-22.9%	970,000	37.0%	1,136,000	17.1%
Rio Salado (1.8% and 3.0% Bed Tax)	214,000	-0.9%	186,000	-13.1%	206,000	10.8%	191,000	-7.3%	1,362,000	14.8%	1,431,000	5.1%	1,654,000	15.6%	1,688,000	2.1%
All Other Areas	8,159,000	-3.3%	7,782,000	-4.6%	8,115,000	4.3%	6,892,000	-15.1%	50,692,000	-7.9%	44,984,000	-11.3%	48,297,000	7.4%	50,107,000	3.7%