

Memorandum

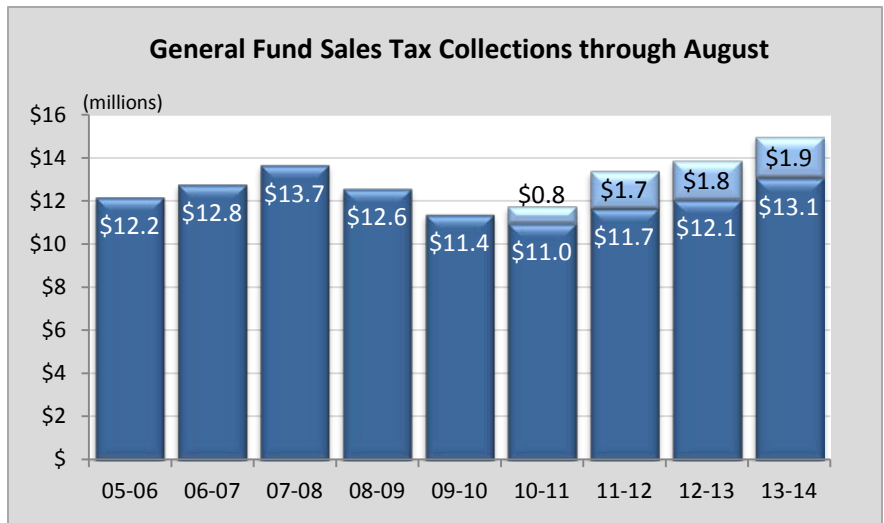


Finance and Technology Department

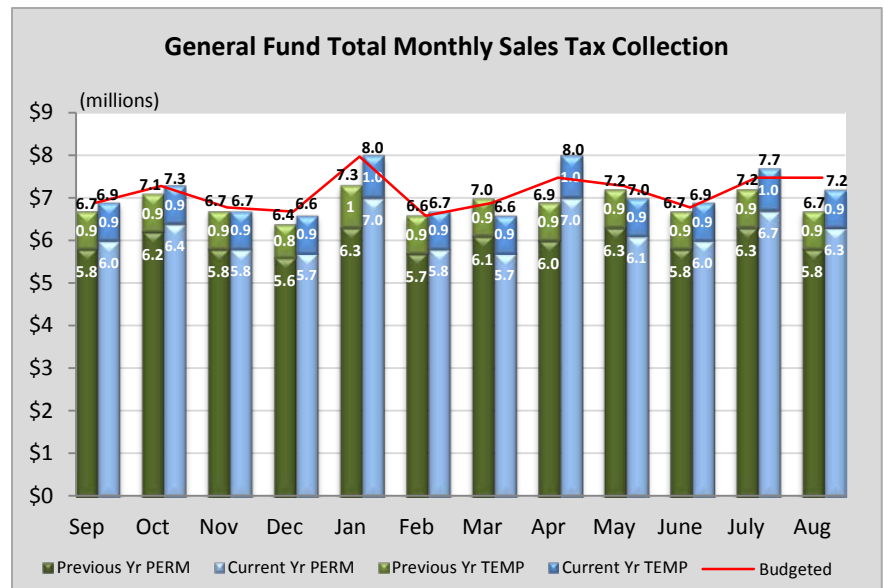
Date: September 13, 2013
 To: Mayor and Council
 From: Ken Jones, Finance and Technology Director (350-8504)
 Subject: Tax Revenue Statistical Report – **August 2013**

Attached is the Executive Summary of the Tax Revenue Statistical Report for August 2013 covering July sales activity reported to our Tax and License Division in August.

The graph to the right depicts year-to-date General Fund historical privilege tax revenue from FY 2005-06 through FY 2013-14. General Fund Sales Tax revenue collected for 2013-14 is up 8.0% from the same period in the prior fiscal year. In terms of actual dollars received (\$15.0 million), we are \$1.1 million ahead of last fiscal year (\$13.9 million). Of the total amount collected through August, \$1.9 million was from the temporary sales tax, which expires June 30, 2014. Although this is positive news, the 8.0% increase in general fund privilege tax revenue more reflects how deep the recession was than a swift recovery. Arizona’s economy is recovering more slowly than the nation as a whole, and is not expected to catch up until the beginning of 2014. The leading category of growth in terms of dollars received was Retail, which grew by 10.7%. When further analyzing Retail activity, the Furniture/Equipment/ Electronics sector jumped by 41.5% year-to-date because of an increase in taxable sales of software.



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 in the General Fund are 0.8%, or \$99 thousand above forecast through August.

Executive Summary Year-to-Date Comparison - August

	2010-11	Change	2011-12	Change	2012-13	Change	2013-14	Change
Taxable Sales								
Total Taxable Sales	980,264,000	-2.5%	1,010,776,000	3.1%	1,051,620,000	4.0%	1,125,528,000	7.0%
Retail Taxable Sales	482,861,000	3.6%	494,133,000	2.3%	531,479,000	7.6%	581,749,000	9.5%
Tax Revenues by Funds								
Privilege Tax - General Fund (1.2%)	11,041,000	-3.2%	11,683,000	5.8%	12,088,000	3.5%	13,056,000	8.0%
Temporary Privilege Tax (.2%)	784,000		1,721,000	119.5%	1,801,000	4.6%	1,944,000	7.9%
Transit Tax Fund (.5%)	4,605,000	-3.2%	4,876,000	5.9%	5,041,000	3.4%	5,447,000	8.1%
Arts Tax Fund (.1%)	949,000	-3.1%	1,002,000	5.6%	1,038,000	3.6%	1,120,000	7.9%
Privilege Tax - Rebates Fund	735,000	10.4%	540,000	-26.5%	595,000	10.2%	611,000	2.7%
Bed Tax Fund	341,000	27.2%	458,000	34.3%	469,000	2.4%	498,000	6.2%
Totals	18,455,000	2.1%	20,280,000	9.9%	21,032,000	3.7%	22,676,000	7.8%

Tax Revenues - Business Activities

Retail	9,393,000	9.0%	10,282,000	9.5%	10,901,000	6.0%	12,062,000	10.7%
Rentals	3,532,000	-1.0%	3,879,000	9.8%	4,124,000	6.3%	4,149,000	0.6%
Utilities/Communication	2,022,000	3.3%	2,067,000	2.2%	2,104,000	1.8%	2,180,000	3.6%
Restaurants	1,336,000	4.4%	1,527,000	14.3%	1,531,000	0.3%	1,668,000	8.9%
Contracting	1,089,000	-36.4%	1,295,000	18.9%	1,132,000	-12.6%	1,328,000	17.3%
Hotel/Motel	225,000	5.6%	264,000	17.3%	266,000	0.8%	276,000	3.8%
Transient (Bed Tax)	341,000	26.8%	458,000	34.3%	468,000	2.2%	498,000	6.4%
Amusements	294,000	12.6%	309,000	5.1%	292,000	-5.5%	324,000	11.0%
All Other	223,000	14.9%	199,000	-10.8%	214,000	7.5%	191,000	-10.7%
Totals	18,455,000	2.1%	20,280,000	9.9%	21,032,000	3.7%	22,676,000	7.8%

Tax Revenues - Retail Activities Breakdown

Automotive	1,324,000	6.6%	1,547,000	16.8%	1,734,000	12.1%	1,902,000	9.7%
Furniture/Equipment/Electronics	2,081,000	18.8%	2,202,000	5.8%	2,418,000	9.8%	3,422,000	41.5%
Department Stores	1,624,000	10.0%	1,848,000	13.8%	1,910,000	3.4%	1,902,000	-0.4%
Grocery Stores	1,025,000	7.0%	1,110,000	8.3%	1,108,000	-0.2%	1,188,000	7.2%
Drugs/Small Stores	1,037,000	18.9%	1,091,000	5.2%	1,090,000	-0.1%	1,118,000	2.6%
Manufacturing Firms	538,000	-32.8%	696,000	29.4%	712,000	2.3%	529,000	-25.7%
Building Supply Stores	356,000	11.6%	365,000	2.5%	373,000	2.2%	385,000	3.2%
All Other Retail	1,408,000	17.7%	1,423,000	1.1%	1,556,000	9.3%	1,616,000	3.9%
Totals	9,393,000	9.0%	10,282,000	9.5%	10,901,000	6.0%	12,062,000	10.7%

Tax Revenues - Business Districts

Elliot Corridor	2,297,000	6.8%	2,434,000	6.0%	2,895,000	18.9%	3,376,000	16.6%
Autoplex (included in Elliot Corridor)	867,000	8.1%	998,000	15.1%	1,188,000	19.0%	1,311,000	10.4%
Market Place	759,000	5.6%	788,000	3.8%	878,000	11.4%	894,000	1.8%
Mills Mall	1,002,000	17.9%	1,124,000	12.2%	1,114,000	-0.9%	1,087,000	-2.4%
Downtown Tempe	374,000	-1.6%	478,000	27.8%	494,000	3.3%	608,000	23.1%
Apache Blvd.	330,000	13.0%	354,000	7.3%	367,000	3.7%	400,000	9.0%
ASU Properties	133,000	-10.1%	209,000	57.1%	267,000	27.8%	281,000	5.2%
Rio Salado	420,000	-7.7%	464,000	10.5%	455,000	-1.9%	521,000	14.5%
All Other Areas	13,140,000	0.5%	14,429,000	9.8%	14,562,000	0.9%	15,509,000	6.5%

**Privilege Tax Revenue - General Fund (1.2%)
2013-14 Actual Compared to Budget**

Monthly Amounts

	2013-14 Budget		2013-14 Actual	Over(Under)	
	Percent	Amount		Amount	Percent
Jul	8.5%	6,558,000	6,742,000	184,000	2.8%
Aug	8.0%	6,172,000	6,314,000	142,000	2.3%
Sep	8.1%	6,250,000			
Oct	8.5%	6,558,000			
Nov	7.9%	6,095,000			
Dec	7.8%	6,018,000			
Jan	9.7%	7,484,000			
Feb	7.9%	6,095,000			
Mar	8.0%	6,172,000			
Apr	9.1%	7,021,000			
May	8.4%	6,481,000			
Jun	8.1%	6,252,000			
Totals	100.0%	77,156,000	13,056,000	326,000	

Cumulative Amounts

	2013-14 Budget		2013-14 Actual	Over(Under)	
	Percent	Amount		Amount	Percent
Jul	8.5%	6,558,000	6,742,000	184,000	2.8%
Jul-Aug	16.5%	12,730,000	13,056,000	326,000	2.6%
Jul-Sep	24.6%	18,980,000			
Jul-Oct	33.1%	25,538,000			
Jul-Nov	41.0%	31,633,000			
Jul-Dec	48.8%	37,651,000			
Jul-Jan	58.5%	45,135,000			
Jul-Feb	66.4%	51,230,000			
Jul-Mar	74.4%	57,402,000			
Jul-Apr	83.5%	64,423,000			
Jul-May	91.9%	70,904,000			
Jul-Jun	100.0%	77,156,000			

Tax and License Annual Privilege Tax Revenue Projections

Method	Privilege Tax		Overage/Shortage	
	Projected	Budgeted	Amount	Percent
Percent of Increase	79,441,000	77,156,000	2,285,000	3.0%
Percentage Received	79,127,000	77,156,000	1,971,000	2.6%

**Temporary Privilege Tax Revenue - General Fund (0.2%)
Year-to-Date Comparison - August**

Monthly Amounts

	2013-14 Budget		2013-14 Actual	Over(Under)	
	Percent	Amount		Amount	Percent
Jul	8.5%	971,000	1,001,000	30,000	3.1%
Aug	8.0%	914,000	943,000	29,000	3.2%
Sep	8.1%	926,000			
Oct	8.5%	971,000			
Nov	7.9%	903,000			
Dec	7.8%	891,000			
Jan	9.7%	1,108,000			
Feb	7.9%	903,000			
Mar	8.0%	914,000			
Apr	9.1%	1,040,000			
May	8.4%	960,000			
Jun	8.1%	925,000			
Totals	100.0%	11,426,000	1,944,000	59,000	

Cumulative Amounts

	2013-14 Budget		2013-14 Actual	Over(Under)	
	Percent	Amount		Amount	Percent
Jul	8.5%	971,000	1,001,000	30,000	3.1%
Jul-Aug	16.5%	1,885,000	1,944,000	59,000	3.1%
Jul-Sep	24.6%	2,811,000			
Jul-Oct	33.1%	3,782,000			
Jul-Nov	41.0%	4,685,000			
Jul-Dec	48.8%	5,576,000			
Jul-Jan	58.5%	6,684,000			
Jul-Feb	66.4%	7,587,000			
Jul-Mar	74.3%	8,501,000			
Jul-Apr	83.4%	9,541,000			
Jul-May	91.8%	10,501,000			
Jul-Jun	100.0%	11,426,000			

Tax and License Annual Privilege Tax Revenue Projections

Method	Privilege Tax		Overage/Shortage	
	Projected	Budgeted	Amount	Percent
Percentage Increase	11,785,000	11,426,000	359,000	3.1%
Percentage Received	11,782,000	11,426,000	356,000	3.1%