Memorandum



Finance and Technology Department

Date: March 11, 2011

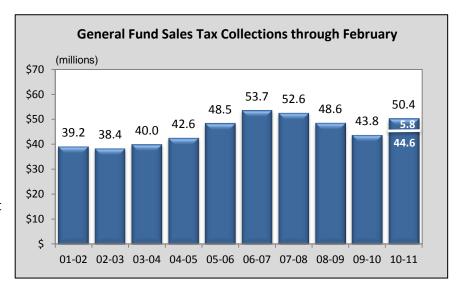
To: Mayor and Council

From: Ken Jones, Finance and Technology Director (350-8504)

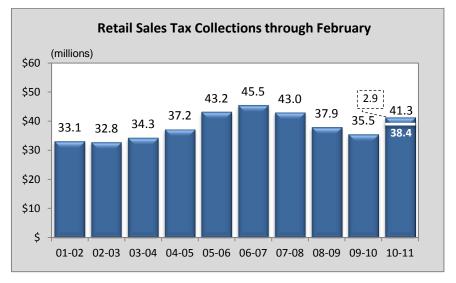
Subject: Tax Revenue Statistical Report – February 2011

Attached is the Executive Summary of the Tax Revenue Statistical Report for February 2011 covering January sales activity reported to our Tax and License Division in February.

The graph to the right depicts year-todate General Fund historical privilege tax revenue from FY 2001-02 through FY 2010-11. Tax revenue collected for 2010-11 is up 15.1% from the same period in the prior fiscal year. In terms of actual dollars received (\$50.4 million), we are \$6.6 million ahead of last fiscal year (\$43.8 million). However, that increase is due, in part, to the temporary sales tax increase that took effect in July. If we assumed the same sales levels at our pre-increase tax rate. General Fund sales tax collections would be up 1.9% from the same period last year.



Retail, which historically represents 55% of total sales tax collections, is 16.3% over last year's year-to-date collections (including the temporary sales tax). The furniture/equipment/electronics and automotive sectors continue to lead the way with a 19.5% increase over last year (including sales tax increase). Same month prior year growth was strong across all categories.

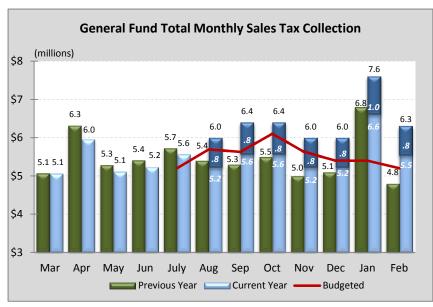


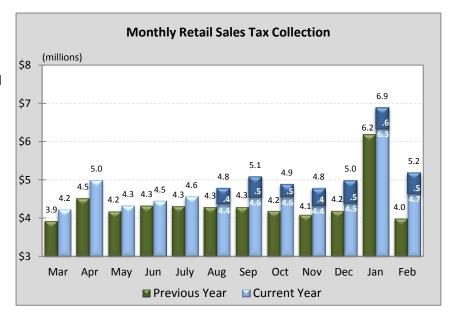
Outside the retail category, contracting tax revenues continue to show a steep drop from last year. This category, which in recent years has represented 10.7% of collections, is down by 25.6% from last year and represents 5.1% of collections through February.

The graph to the right represents twelve months of activity, comparing current year General Fund monthly sales tax collections to the previous year. Current year collections are broken into two components: the 1.2% permanent tax and the .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 \$4.7 million ahead of forecast through February. Of this amount, \$4.1 million is from the 1.2% rate and \$600,000 is from the 0.2% temporary tax rate.

The final chart shows twelve months of collection activity comparing monthly retail sales tax from the current year to the prior year. For February, retail sales collections increased by 16.3% over the same month last year (including the temporary tax increase).





Executive Summary

Current Month - February

Fiscal Year to Date through February

	2007-08	Change	2008-09	Change	2009-10	Change	2010-11	Change	2007-08	Change	2008-09	Change	2009-10	Change	2010-11	Change
Taxable Sales																
Total Taxable Sales	552,665,000	0.7%	509,267,000	-7.9%	451,350,000	-11.4%	490,962,000	8.8%	4,782,737,000	0.0%	4,456,370,000	-6.8%	3,978,075,000	-10.7%	4,022,292,000	1.1%
Retail Taxable Sales	262,854,000	-2.9%	221,194,000	-15.8%	211,782,000	-4.3%	253,093,000	19.5%	2,341,603,000	-4.8%	2,071,530,000	-11.5%	1,918,967,000	-7.4%	2,041,069,000	6.4%
Tax Revenues by Funds																
Privilege Tax - General Fund (1.2%) Temporary Privilege Tax (.2%)	5,956,000	-4.4%	5,271,000	-11.5%	4,845,000	-8.1%	5,499,000 831,000	13.5%	52,592,000	-2.1%	48,634,000	-7.5%	43,751,000	-10.0%	44,578,000 5,785,000	1.9%
Transit Tax Fund (.5%)	2,575,000	-3.5%	2,237,000	-13.1%	2.058.000	-8.0%	2,341,000	13.8%	22,651,000	-3.6%	20,752,000	-8.4%	18,623,000	-10.3%	18,993,000	2.0%
Arts Tax Fund (.1%)	531,000	-2.0%	462,000	-13.0%	424,000	-8.2%	481,000	13.4%	4,660,000	-0.6%	4,280,000	-8.2%	3,847,000	-10.1%	3,922,000	1.9%
Privilege Tax - Rebates Fund	394,000	41.7%	360,000	-8.6%	326,000	-9.4%	249,000	-23.6%	3,167,000	53.5%	3,311,000	4.5%	2,872,000	-13.3%	3,046,000	6.1%
Bed Tax Fund	351,000	-3.6%	263,000	-25.1%	222,000	-15.6%	417,000	87.8%	1,816,000	-0.4%	1,617,000	-11.0%	1,286,000	-20.5%	2,076,000	61.4%
Rio Salado PLT & Bed Tax	138,000	36.6%	103,000	-25.4%	116,000	12.6%	201,000	73.3%	969,000	60.2%	951,000	-1.9%	1,069,000	12.4%	1,374,000	28.5%
Totals	9,945,000	-2.4%	8,696,000	-12.6%	7,991,000	-8.1%	10,019,000	25.4%	85,855,000	-0.6%	79,545,000	-7.3%	71,448,000	-10.2%	79,774,000	11.7%
Tax Revenues - Business Activities																
Retail	4,836,000	-2.5%	4,121,000	-14.8%	3,986,000	-3.3%	5,219,000	30.9%	43,029,000	-5.4%	37,908,000	-11.9%	35,540,000	-6.2%	41,330,000	16.3%
Rentals	1,650,000	1.6%	1,719,000	4.2%	1,501,000	-12.7%	1,776,000	18.3%	13,933,000	8.6%	14,590,000	4.7%	13,743,000	-5.8%	15,095,000	9.8%
Utilities/Communication	793,000	7.6%	755,000	-4.8%	676,000	-10.5%	763,000	12.9%	7,628,000	10.2%	7,635,000	0.1%	6,830,000	-10.5%	7,350,000	7.6%
Restaurants	745,000	-0.1%	710,000	-4.7%	650,000	-8.5%	789,000	21.4%	5,988,000	5.7%	5,901,000	-1.5%	5,387,000	-8.7%	6,070,000	12.7%
Contracting	924,000	-20.7%	619,000	-33.0%	435,000	-29.7%	389,000	-10.6%	9,420,000	-2.9%	8,139,000	-13.6%	5,423,000	-33.4%	4,033,000	-25.6%
Hotel/Motel	286,000	12.2%	219,000	-23.4%	215,000	-1.8%	249,000	15.8%	1,621,000	15.2%	1,403,000	-13.4%	1,172,000	-16.5%	1,295,000	10.5%
Transient (Bed Tax)	384,000	-4.0%	286,000	-25.5%	246,000	-14.0%	482,000	95.9%	1,968,000	1.0%	1,758,000	-10.7%	1,436,000	-18.3%	2,351,000	63.7%
Amusements	170,000	38.2%	122,000	-28.2%	165,000	35.2%	183,000	10.9%	1,038,000	4.6%	1,045,000	0.7%	1,117,000	6.9%	1,265,000	13.2%
All Other	157,000	-11.3%	145,000	-7.6%	117,000	-19.3%	169,000	44.4%	1,230,000	-15.2%	1,166,000	-5.2%	800,000	-31.4%	985,000	23.1%
Totals	9,945,000	-2.4%	8,696,000	-12.6%	7,991,000	-8.1%	10,019,000	25.4%	85,855,000	-0.6%	79,545,000	-7.3%	71,448,000	-10.2%	79,774,000	11.7%
Tax Revenues - Retail Activities Breakdov																
Automotive	841,000	-22.8%	567,000	-32.6%	503,000	-11.3%	713,000	41.7%	8,407,000	-19.6%	5,344,000	-36.4%	4,685,000	-12.3%	5,598,000	19.5%
Furniture/Equipment/Electronics	1,203,000	4.2%	929,000	-22.8%	922,000	-0.8%	908,000	-1.5%	10,186,000	-4.9%	9,117,000	-10.5%	7,391,000	-18.9%	8,830,000	19.5%
Department Stores	795,000	8.3%	752,000	-5.4%	707,000	-6.0%	858,000	21.4%	7,530,000	7.9%	7,285,000	-3.3%	6,680,000	-8.3%	7,605,000	13.8%
Grocery Stores	568,000	-8.5%	530,000	-6.7%	489,000	-7.7%	534,000	9.2%	4,768,000	-0.4%	4,591,000	-3.7%	4,305,000	-6.2%	4,601,000	6.9%
Drugs/Small Stores	494,000	5.6%	493,000	-0.2%	512,000	3.9%	511,000	-0.2%	3,904,000	0.5%	3,883,000	-0.5%	3,897,000	0.4%	4,382,000	12.4%
Manufacturing Firms	319,000	3.2%	331,000	3.8%	205,000	-38.1%	643,000	213.7%	2,648,000	-28.1%	2,971,000	12.2%	2,533,000	-14.7%	2,607,000	2.9%
Building Supply Stores	229,000	9.6%	115,000	-49.8%	152,000	32.2%	161,000	5.9%	1,799,000	4.1%	1,276,000	-29.1%	1,272,000	-0.3%	1,399,000	10.0%
All Other Retail	387,000	2.9%	404,000	4.4%	496,000	22.8%	891,000	79.6%	3,787,000	16.2%	3,441,000	-9.1%	4,777,000	38.8%	6,308,000	32.0%
Totals	4,836,000	-2.5%	4,121,000	-14.8%	3,986,000	-3.3%	5,219,000	30.9%	43,029,000	-5.4%	37,908,000	-11.9%	35,540,000	-6.2%	41,330,000	16.3%

Tax Revenues - Business Districts