

Memorandum



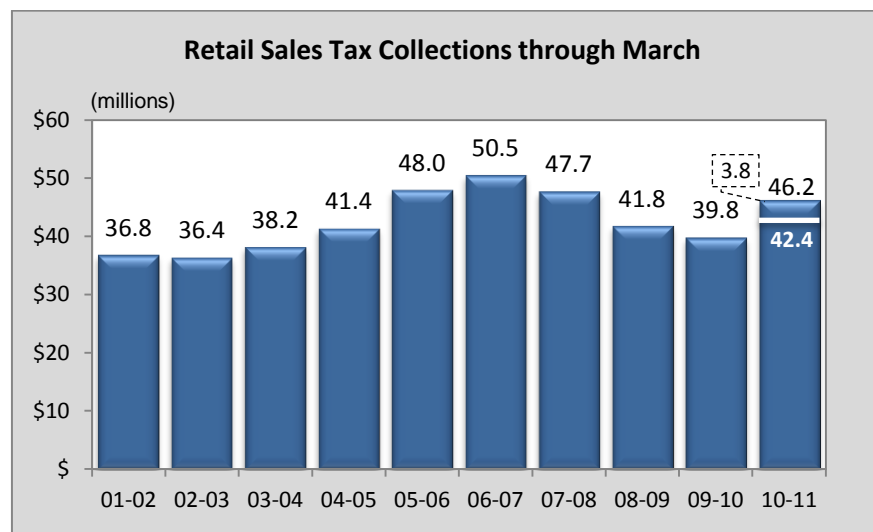
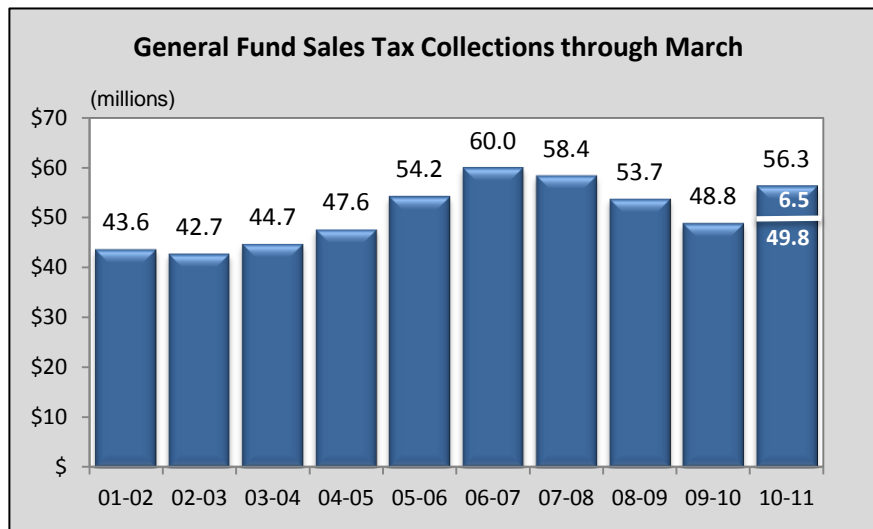
Finance and Technology Department

Date: April 8, 2011
To: Mayor and Council
From: Ken Jones, Finance and Technology Director (350-8504)
Subject: Tax Revenue Statistical Report – **March 2011**

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

The graph to the right depicts year-to-date General Fund historical privilege tax revenue from FY 2001-02 through FY 2010-11. Tax revenue collected for 2010-11 is up 15.4% from the same period in the prior fiscal year. In terms of actual dollars received (\$56.3 million), we are \$7.5 million ahead of last fiscal year (\$48.8 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 2.0% from the same period last year.

Retail, which historically represents 55% of total sales tax collections, is 16.0% over last year's year-to-date collections (including the temporary sales tax). The automotive sector leads the way with a 21.9% increase over last year (including sales tax increase). Same month prior year growth was strong across most categories, except manufacturing firms and the furniture/equipment/electronics sectors.

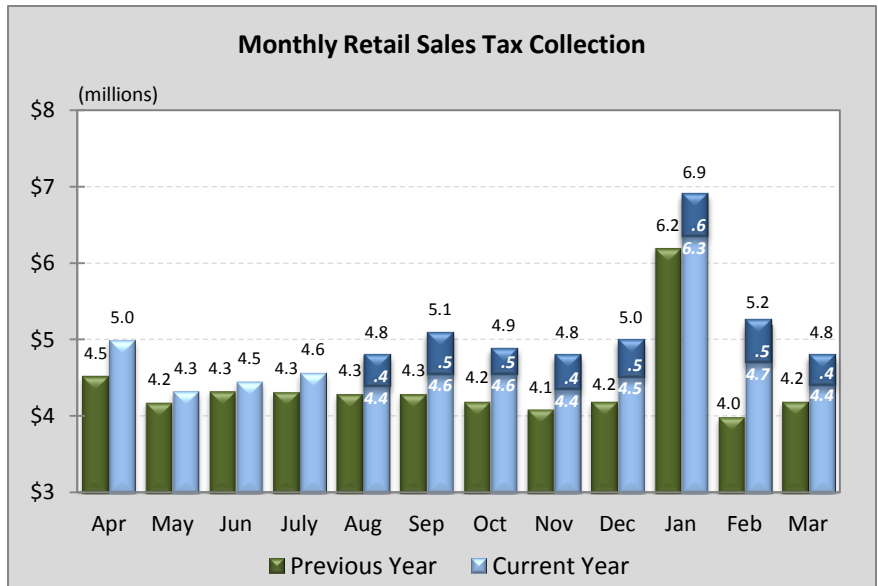
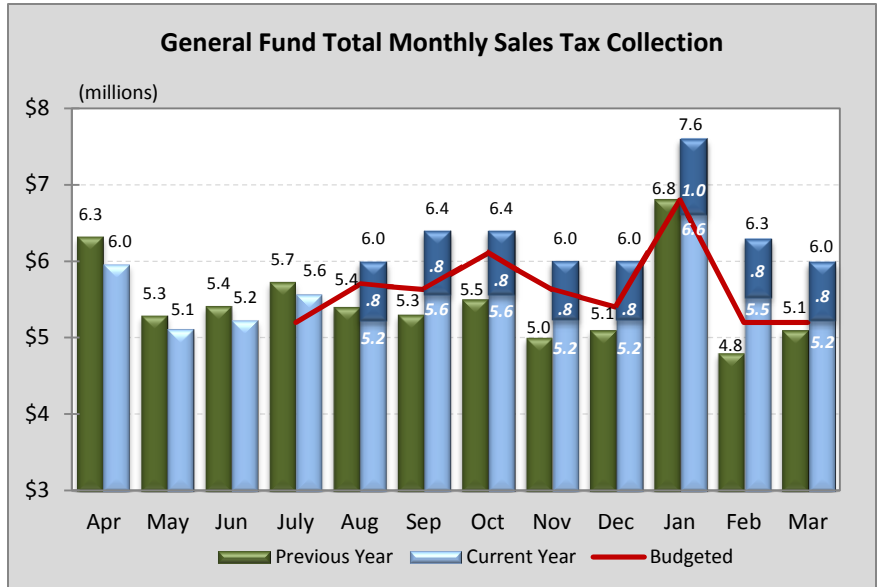


Outside the retail category, contracting tax revenues continue to show a steep drop from last year. This category, which in recent years has represented 10.7% of collections, is down by 24.1% from last year and represents 5.0% of collections through March.

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 \$5.4 million ahead of forecast through March. Of this amount, \$4.7 million is from the 1.2% rate and \$.7 million 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 March, retail sales collections increased by 13.7% over the same month last year (including the temporary tax increase).



Executive Summary

Current Month - March

Fiscal Year to Date through March

	2007-08		2008-09		2009-10		2010-11		2007-08		2008-09		2009-10		2010-11	
	Change		Change		Change		Change		Change		Change		Change		Change	
Taxable Sales																
Total Taxable Sales	537,606,000	-4.5%	482,725,000	-10.2%	470,155,000	-2.6%	458,712,000	-2.4%	5,320,343,000	-0.4%	4,939,095,000	-7.2%	4,448,230,000	-9.9%	4,481,004,000	0.7%
Retail Taxable Sales	254,761,000	-7.6%	210,307,000	-17.4%	227,978,000	8.4%	246,205,000	8.0%	2,596,364,000	-5.1%	2,281,837,000	-12.1%	2,146,945,000	-5.9%	2,287,274,000	6.5%
Tax Revenues by Funds																
Privilege Tax - General Fund (1.2%)	5,853,000	-6.3%	5,071,000	-13.4%	5,062,000	-0.2%	5,196,000	2.6%	58,445,000	-2.5%	53,705,000	-8.1%	48,813,000	-9.1%	49,774,000	2.0%
Temporary Privilege Tax (.2%)							780,000								6,565,000	
Transit Tax Fund (.5%)	2,519,000	-6.7%	2,153,000	-14.5%	2,151,000	-0.1%	2,209,000	2.7%	25,170,000	-3.9%	22,905,000	-9.0%	20,774,000	-9.3%	21,202,000	2.1%
Arts Tax Fund (.1%)	521,000	-4.9%	443,000	-15.0%	445,000	0.5%	456,000	2.5%	5,181,000	-1.1%	4,723,000	-8.8%	4,292,000	-9.1%	4,378,000	2.0%
Privilege Tax - Rebates Fund	398,000	42.1%	302,000	-24.1%	352,000	16.6%	262,000	-25.6%	3,565,000	52.2%	3,613,000	1.3%	3,224,000	-10.8%	3,308,000	2.6%
Bed Tax Fund	424,000	22.9%	288,000	-32.1%	239,000	-17.0%	427,000	78.7%	2,240,000	3.3%	1,905,000	-15.0%	1,525,000	-19.9%	2,503,000	64.1%
Rio Salado PLT & Bed Tax	126,000	31.3%	111,000	-11.9%	129,000	16.2%	165,000	27.9%	1,095,000	56.2%	1,062,000	-3.0%	1,198,000	12.8%	1,539,000	28.5%
Totals	9,841,000	-3.7%	8,368,000	-15.0%	8,378,000	0.1%	9,495,000	13.3%	95,696,000	-1.0%	87,913,000	-8.1%	79,826,000	-9.2%	89,269,000	11.8%
Tax Revenues - Business Activities																
Retail	4,674,000	-6.7%	3,938,000	-15.7%	4,238,000	7.6%	4,819,000	13.7%	47,703,000	-5.5%	41,846,000	-12.3%	39,778,000	-4.9%	46,149,000	16.0%
Rentals	1,630,000	-0.1%	1,562,000	-4.2%	1,673,000	7.1%	1,821,000	8.8%	15,563,000	7.6%	16,152,000	3.8%	15,416,000	-4.6%	16,916,000	9.7%
Utilities/Communication	850,000	-17.2%	744,000	-12.5%	606,000	-18.5%	714,000	17.8%	8,478,000	6.6%	8,379,000	-1.2%	7,436,000	-11.3%	8,064,000	8.4%
Restaurants	802,000	9.6%	743,000	-7.4%	768,000	3.4%	829,000	7.9%	6,790,000	6.1%	6,644,000	-2.2%	6,155,000	-7.4%	6,899,000	12.1%
Contracting	847,000	-6.4%	605,000	-28.6%	419,000	-30.7%	400,000	-4.5%	10,267,000	-3.2%	8,744,000	-14.8%	5,842,000	-33.2%	4,433,000	-24.1%
Hotel/Motel	326,000	37.0%	231,000	-29.1%	202,000	-12.6%	231,000	14.4%	1,947,000	18.4%	1,634,000	-16.1%	1,374,000	-15.9%	1,526,000	11.1%
Transient (Bed Tax)	463,000	24.1%	312,000	-32.6%	269,000	-13.8%	469,000	74.3%	2,431,000	4.7%	2,070,000	-14.8%	1,705,000	-17.6%	2,820,000	65.4%
Amusements	115,000	-21.8%	140,000	21.7%	111,000	-20.7%	127,000	14.4%	1,153,000	1.2%	1,185,000	2.8%	1,228,000	3.6%	1,392,000	13.4%
All Other	134,000	-10.7%	93,000	-30.6%	92,000	-1.1%	85,000	-7.6%	1,364,000	-14.8%	1,259,000	-7.7%	892,000	-29.2%	1,070,000	20.0%
Totals	9,841,000	-3.7%	8,368,000	-15.0%	8,378,000	0.1%	9,495,000	13.3%	95,696,000	-1.0%	87,913,000	-8.1%	79,826,000	-9.2%	89,269,000	11.8%
Tax Revenues - Retail Activities Breakdown																
Automotive	864,000	-30.0%	491,000	-43.2%	526,000	7.1%	753,000	43.2%	9,271,000	-20.7%	5,835,000	-37.1%	5,211,000	-10.7%	6,351,000	21.9%
Furniture/Equipment/Electronics	990,000	6.9%	832,000	-16.0%	956,000	14.9%	954,000	-0.2%	11,176,000	-3.9%	9,949,000	-11.0%	8,347,000	-16.1%	9,784,000	17.2%
Department Stores	879,000	9.6%	825,000	-6.1%	824,000	-0.1%	953,000	15.7%	8,409,000	8.1%	8,110,000	-3.6%	7,504,000	-7.5%	8,558,000	14.0%
Grocery Stores	549,000	-2.3%	521,000	-5.1%	513,000	-1.5%	539,000	5.1%	5,317,000	-0.6%	5,112,000	-3.9%	4,818,000	-5.8%	5,140,000	6.7%
Drugs/Small Stores	480,000	8.6%	426,000	-11.3%	484,000	13.6%	528,000	9.1%	4,384,000	1.3%	4,309,000	-1.7%	4,381,000	1.7%	4,910,000	12.1%
Manufacturing Firms	350,000	-26.9%	320,000	-8.6%	295,000	-7.8%	238,000	-19.3%	2,998,000	-27.9%	3,291,000	9.8%	2,828,000	-14.1%	2,845,000	0.6%
Building Supply Stores	190,000	-4.0%	176,000	-7.4%	147,000	-16.5%	149,000	1.4%	1,989,000	3.3%	1,452,000	-27.0%	1,419,000	-2.3%	1,548,000	9.1%
All Other Retail	372,000	1.9%	347,000	-6.7%	493,000	42.1%	705,000	43.0%	4,159,000	14.7%	3,788,000	-8.9%	5,270,000	39.1%	7,013,000	33.1%
Totals	4,674,000	0.0%	3,938,000	-15.7%	4,238,000	7.6%	4,819,000	13.7%	47,703,000	-5.5%	41,846,000	-12.3%	39,778,000	-4.9%	46,149,000	16.0%
Tax Revenues - Business Districts																
Elliot Corridor	1,184,000	-19.2%	955,000	-19.3%	990,000	3.7%	1,233,000	24.5%	12,604,000	-14.8%	10,703,000	-15.1%	9,621,000	-10.1%	11,426,000	18.8%
Autoplex (included in Elliot Corridor)	441,000	-34.7%	335,000	-24.0%	327,000	-2.4%	485,000	48.3%	5,299,000	-20.9%	3,994,000	-24.6%	3,391,000	-15.1%	4,165,000	22.8%
Market Place	334,000		307,000	-8.1%	381,000	24.1%	384,000	0.8%	2,238,000		3,468,000	55.0%	3,460,000	-0.2%	3,796,000	9.7%
Mills Mall	516,000	-7.7%	435,000	-15.7%	468,000	7.6%	547,000	16.9%	4,857,000	-2.3%	4,291,000	-11.7%	4,013,000	-6.5%	4,695,000	17.0%
Downtown Tempe	345,000	10.2%	270,000	-21.7%	282,000	4.4%	317,000	12.4%	2,623,000	0.3%	2,375,000	-9.5%	2,111,000	-11.1%	2,397,000	13.5%
Apache Blvd.	190,000	-15.6%	214,000	12.6%	189,000	-11.7%	198,000	4.8%	1,611,000	-15.1%	1,592,000	-1.2%	1,478,000	-7.2%	1,703,000	15.2%
ASU Properties	147,000	34.9%	102,000	-30.6%	100,000	-2.0%	136,000	36.0%	1,122,000	21.4%	1,109,000	-1.2%	893,000	-19.5%	1,295,000	45.0%
Rio Salado	179,000	38.8%	181,000	1.1%	185,000	2.2%	225,000	21.6%	1,567,000	60.7%	1,707,000	8.9%	1,786,000	4.6%	2,146,000	20.2%
All Other Areas	6,946,000	-6.3%	5,904,000	-15.0%	5,783,000	-2.0%	6,455,000	11.6%	69,074,000	-1.9%	62,668,000	-9.3%	56,464,000	-9.9%	61,811,000	9.5%