

Memorandum



Financial Services Department

Date: October 9, 2009
To: Mayor and Council
From: Jerry L. Hart, Financial Services Manager (350-8505)
Subject: Tax Revenue Statistical Report – **September 2009**

Attached is the Executive Summary of the Tax Revenue Statistical Report for September 2009 covering August sales activity reported to our Tax and License Division in September.

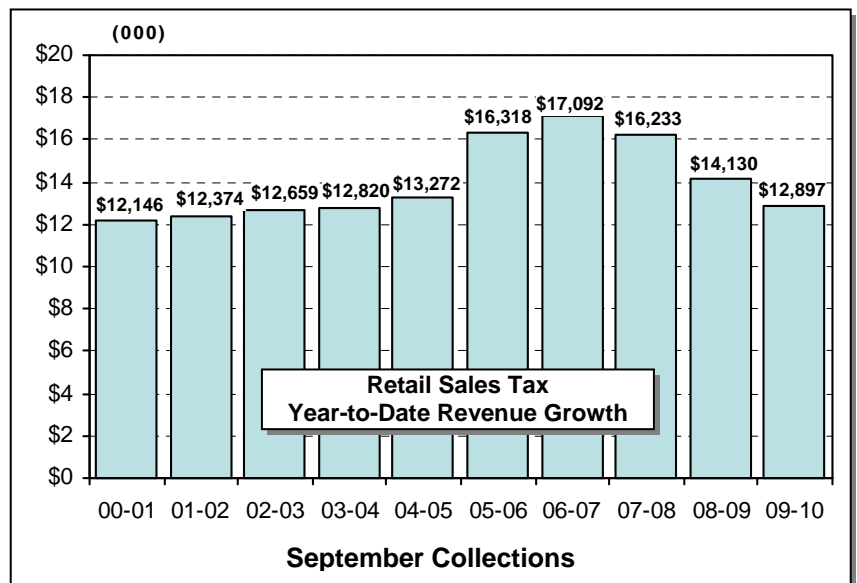
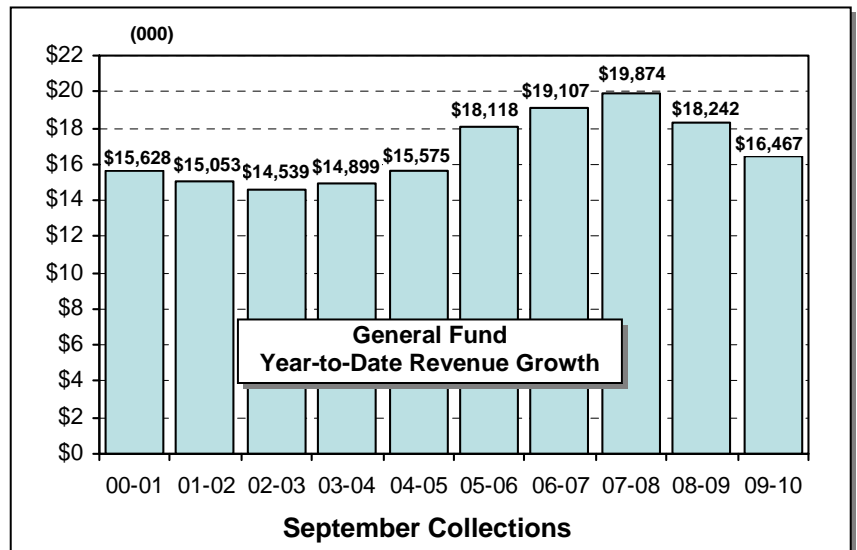
The graph to the right depicts September General Fund historical privilege tax revenue from FY 2000-01 through FY 2009-10. Tax revenue collected for 2009-10 is down 9.7% from the same period in the prior fiscal year. In terms of actual dollars received (\$16.5 million), we are \$1.8 million behind last fiscal year (\$18.2 million).

The retail category historically represents 55% of total privilege tax collections. When compared to the prior year, retail sales tax revenues decreased by 8.7% in September.

Through September sales tax revenues in all **Business Activity categories** were negative compared to the same period last year. Retail, which historically represents 55% of total sales tax collections, is 8.7% below last year's collections.

The overall decline in retail sales tax revenues continues to be lead by the automotive and furniture/equipment/electronics categories, which were 15.9% and 26.7% below last year, respectively. Though still negative in terms of growth, the auto category showed some improvement from last month. This is at least partially due to the federal 'Cash for Clunkers' program. As such, the improvement is likely one-time in nature.

Outside the retail category, contracting tax revenues are also showing a steep drop from last year. This category, which in recent years has represented 10.7% of collections, is down 24.3% from last year now represents 9.0% of collections. Constrained availability of credit and regional supply continue to depress this category.



Based on year-to-date results, it is unlikely that sales taxes will meet the budgeted forecast. As discussed in the October 8th budget work session with the City Council, the forecast for Sales Taxes will be adjusted downward in light of both poor near term collections and uncertainty as to the timing and extent of regional economic recovery.

Executive Summary
Year-to-Date Comparison - September

	2006-07	Change	2007-08	Change	2008-09	Change	2009-10	Change
Taxable Sales								
Total Taxable Sales	1,754,566,000	8.2%	1,807,311,000	3.0%	1,657,794,000	-8.3%	1,490,228,000	-10.1%
Retail Taxable Sales	912,203,000	0.3%	893,223,000	-2.1%	770,799,000	-13.7%	700,732,000	-9.1%
Tax Revenues by Funds								
Privilege Tax - General Fund (1.2%)	19,107,000	5.5%	19,874,000	4.0%	18,242,000	-8.2%	16,467,000	-9.7%
Transit Tax Fund (.5%)	8,503,000	6.2%	8,552,000	0.6%	7,789,000	-8.9%	7,021,000	-9.9%
Arts Tax Fund (.1%)	1,700,000	6.2%	1,754,000	3.2%	1,606,000	-8.4%	1,447,000	-9.9%
Privilege Tax - Rebates Fund	1,298,000	31.1%	1,118,000	-13.9%	1,212,000	8.4%	1,019,000	-15.9%
Bed Tax Fund	509,000	17.0%	495,000	-2.8%	479,000	-3.2%	357,000	-25.5%
Rio Salado PLT (1.2%) & Bed Tax (3.0%)	160,000	9.6%	312,000	95.0%	415,000	33.0%	408,000	-1.7%
Totals	31,277,000	6.8%	32,105,000	2.6%	29,743,000	-7.4%	26,719,000	-10.2%

Tax Revenues - Business Activities

Retail	17,092,000	4.7%	16,233,000	-5.0%	14,130,000	-13.0%	12,897,000	-8.7%
Rentals	4,569,000	6.4%	5,129,000	12.3%	5,225,000	1.9%	5,132,000	-1.8%
Utilities/Communication	2,934,000	5.8%	2,988,000	1.8%	3,352,000	12.2%	2,975,000	-11.2%
Restaurants	1,942,000	8.7%	2,015,000	3.8%	2,094,000	3.9%	1,912,000	-8.7%
Contracting	2,874,000	24.6%	3,906,000	35.9%	3,177,000	-18.7%	2,404,000	-24.3%
Hotel/Motel	428,000	15.4%	473,000	10.5%	409,000	-13.5%	316,000	-22.7%
Transient (Bed Tax)	536,000	15.5%	536,000	0.0%	518,000	-3.4%	389,000	-24.9%
Amusements	385,000	-25.7%	371,000	-3.6%	430,000	15.9%	407,000	-5.3%
All Other	517,000	10.9%	454,000	-12.2%	408,000	-10.1%	287,000	-29.7%
Totals	31,277,000	6.8%	32,105,000	2.6%	29,743,000	-7.4%	26,719,000	-10.2%

Tax Revenues - Retail Activities Breakdown

Automotive	4,287,000	-7.1%	3,709,000	-13.5%	2,378,000	-35.9%	2,000,000	-15.9%
Furniture/Equipment/Electronics	3,999,000	7.1%	3,809,000	-4.8%	3,405,000	-10.6%	2,495,000	-26.7%
Department Stores	2,564,000	3.6%	2,622,000	2.3%	2,712,000	3.4%	2,360,000	-13.0%
Grocery Stores	1,609,000	2.0%	1,670,000	3.8%	1,578,000	-5.5%	1,460,000	-7.5%
Drugs/Small Stores	1,362,000	7.6%	1,368,000	0.4%	1,437,000	5.0%	1,326,000	-7.7%
Manufacturing Firms	1,502,000	39.6%	934,000	-37.8%	856,000	-8.4%	1,024,000	19.6%
Building Supply Stores	609,000	16.0%	699,000	14.8%	535,000	-23.5%	476,000	-11.0%
All Other Retail	1,160,000	10.8%	1,422,000	22.6%	1,229,000	-13.6%	1,756,000	42.9%
Totals	17,092,000	4.7%	16,233,000	-5.0%	14,130,000	-13.0%	12,897,000	-8.7%

Tax Revenues - Business Districts

Elliot Corridor	5,145,000	-2.5%	4,679,000	-9.1%	4,047,000	-13.5%	3,442,000	-14.9%
Autoplex (included in Elliot Corridor)	2,437,000	-7.6%	2,126,000	-12.8%	1,672,000	-21.4%	1,334,000	-20.2%
Market Place			219,000		1,125,000	413.7%	1,081,000	-3.9%
Mills Mall	1,616,000	8.7%	1,609,000	-0.4%	1,435,000	-10.8%	1,263,000	-12.0%
Downtown Tempe	742,000	1.1%	734,000	-1.1%	629,000	-14.3%	670,000	6.5%
Apache Blvd.	605,000	18.9%	528,000	-12.7%	457,000	-13.4%	441,000	-3.5%
ASU Properties	242,000	-35.3%	289,000	19.4%	367,000	27.0%	243,000	-33.8%
Rio Salado (1.8% and 3.0% Bed Tax)	226,000	10.8%	447,000	97.8%	597,000	33.6%	540,000	-9.5%
All Other Areas	22,701,000	9.6%	23,600,000	4.0%	21,086,000	-10.7%	19,039,000	-9.7%