



INFORMATIONAL MEMORANDUM

TO: Mayor Ekberg
Finance Committee

FROM: Peggy McCarthy, Finance Director

BY: Lily Jue, Fiscal Coordinator

DATE: June 20, 2017

SUBJECT: Sales Tax and Miscellaneous Revenue Report – 1st Quarter 2017

Schedule I - Sales Tax in \$1,000's

----- YEAR OVER YEAR COMPARISON -----													
		2016 Actual			2017 Actual			YOY Change					
-- Month --		Construc- tion	Other Industries	Total	Construc- tion	Other Industries	Total	Construction		Other Industries		Total	
Collect- ed	Rec'd							Amount	%	Amount	%	Amount	%
Jan	Mar	\$ 99	\$ 1,190	\$ 1,289	\$ 123	\$ 1,149	\$ 1,272	\$ 24	24%	\$ (41)	-3%	\$ (17)	-1%
Feb	Apr	97	1,231	1,328	83	1,123	1,206	(14)	-14%	(108)	-9%	(122)	-9%
Mar	May	105	1,413	1,518	120	1,664	1,784	15	14%	251	18%	266	18%
Q-1 Totals		\$ 301	3,834	\$ 4,135	\$ 326	3,936	\$ 4,262	\$ 25	8%	102	3%	\$ 127	3%
Apr	Jun	105	1,336	1,440	-	-	-	-	-	-	-	-	-
May	Jul	119	1,361	1,480	-	-	-	-	-	-	-	-	-
Jun	Aug	139	1,553	1,692	-	-	-	-	-	-	-	-	-
Q-2 Totals		\$ 362	4,250	\$ 4,612	\$ -	-	\$ -	\$ -	-	-	-	\$ -	-
Jul	Sep	109	1,428	1,537	-	-	-	-	-	-	-	-	-
Aug	Oct	111	1,438	1,549	-	-	-	-	-	-	-	-	-
Sep	Nov	115	1,444	1,559	-	-	-	-	-	-	-	-	-
Q-3 Totals		\$ 335	4,310	\$ 4,645	\$ -	-	\$ -	\$ -	-	-	-	\$ -	-
Oct	Dec	143	1,263	1,406	-	-	-	-	-	-	-	-	-
Nov	Jan	126	1,368	1,494	-	-	-	-	-	-	-	-	-
Dec	Feb	118	1,852	1,970	-	-	-	-	-	-	-	-	-
Q-4 Totals		\$ 386	4,484	\$ 4,870	\$ -	-	\$ -	\$ -	-	-	-	\$ -	-
Totals		\$ 1,385	16,878	\$ 18,262	\$ 326	3,936	\$ 4,262	\$ 25		102		\$ 127	

First quarter sales tax collections increased by approximately \$127K, or 3% when compared with the same period in 2016. There was an increase in construction sales tax of \$25K over the same quarter last year, or up by 8% as well as an increase in sales tax from other industries of \$102K which resulted in a rise of 3%.

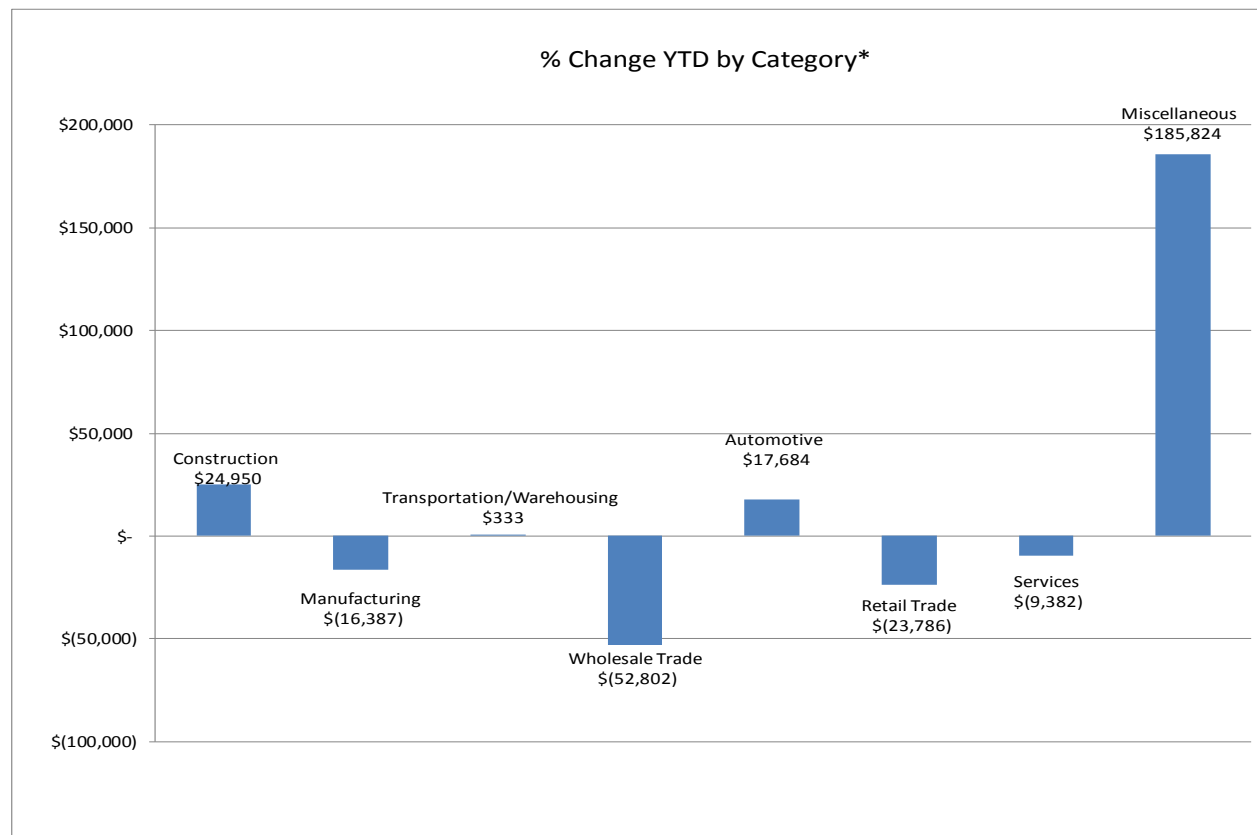
Budget to Actual – Sales Tax in \$1,000’s

Schedule I - Sales Tax

BUDGET TO ACTUAL -----						
		2016	2017		variance	
-- Month -- Collect- ed	Rec'd	Actual	Allocated Budget	Actual	[Actual Over (Under) Original	
					Amt	%
Jan	Mar	\$ 1,289	\$ 1,366	\$ 1,272	(94)	-7%
Feb	Apr	1,328	\$ 1,407	1,206	(201)	-14%
Mar	May	1,518	\$ 1,609	1,784	175	11%
Q-1 Totals		\$ 4,135	\$ 4,382	\$ 4,262	\$ (120)	-3%
Apr	Jun	1,440	\$ 1,526	-	-	-
May	Jul	1,480	\$ 1,568	-	-	-
Jun	Aug	1,692	\$ 1,793	-	-	-
Q-2 Totals		\$ 4,612	\$ 4,887	\$ -	\$ -	-
Jul	Sep	1,537	\$ 1,629	-	-	-
Aug	Oct	1,549	\$ 1,642	-	-	-
Sep	Nov	1,559	\$ 1,652	-	-	-
Q-3 Totals		\$ 4,645	\$ 4,923	\$ -	\$ -	-
Oct	Dec	1,406	\$ 1,490	-	-	-
Nov	Jan	1,494	\$ 1,583	-	-	-
Dec	Feb	1,970	\$ 2,089	-	-	-
Q-4 Totals		\$ 4,870	\$ 5,162	\$ -	\$ -	-
Totals		\$ 18,262	\$ 19,352	\$ 4,262	\$ (120)	

Actual revenue from sales tax collections received through the first quarter is less than anticipated by \$120K, or (3%) from budgeted estimates.

Below is a graph of sales tax collections by type of industry showing annual change in revenue receipts from 2016 to 2017.



Total Construction was up nearly \$25K, or 8.3% for first quarter. All three categories of Construction which includes Construction of Buildings, Heavy & Civil Construction, and Specialty Trade Contractors experienced increased sales activity of \$13K, \$3K, and \$8K. Overall Manufacturing is down by \$16K, or (24%) due to a decrease in sales activity for transportation equipment manufacturing compared to 2016. Total Transportation & Warehousing remained fairly stable with a slight increase of 2%.

The overall decline of \$53K, or (17%) in the Wholesale Trade category is mostly attributable to Wholesale Trade in Durable Goods which is down 19% from 2016 to 2017. The Automotive industry had a change of nearly \$18K, or up by 10% due primarily to an increase in sales activity in the category for Motor Vehicle & Parts Dealers.

The slight decrease of \$24K (1%) in the Retail Trade category is due primarily to lower than normal sales activity being reported in the categories of Furniture & Home Furnishings by \$11K, or (10%) and in Sporting Goods/Hobby/Books by \$15K, or (12%).

The Services industry remains relatively stable with just a slight decrease of \$9K, or down by (1%). The categories for Arts & Entertainment, Other Services and Public Administration show positive changes while categories such as Finance & Insurance and Health Care Social Assistance are down.

INFORMATIONAL MEMO

Page 4

The miscellaneous category increased during first quarter due primarily to the annual use tax filings in the Nonclassifiable Establishments related to artwork of \$268K, or up by 226%.

Schedule II shows the year-to-date sales tax from the top ten industry classifications. Nonclassifiable Establishments in the NAICS 999 category has the highest year over year increase at \$185,886 due to the annual use tax filings for related artwork. This is followed by an increase of \$17,959 in the category of Motor Vehicle & Parts Dealer, then Food Services/Drinking Places with an increase of \$15,273 and Construction of Buildings with an increase of \$13,377 during the first quarter due to overall increases in reported sales activity.

Schedule II

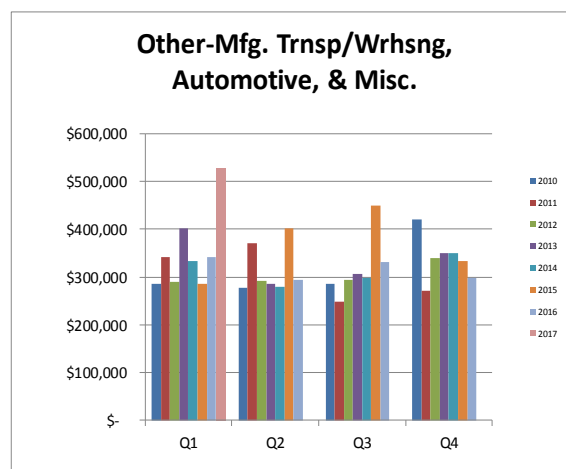
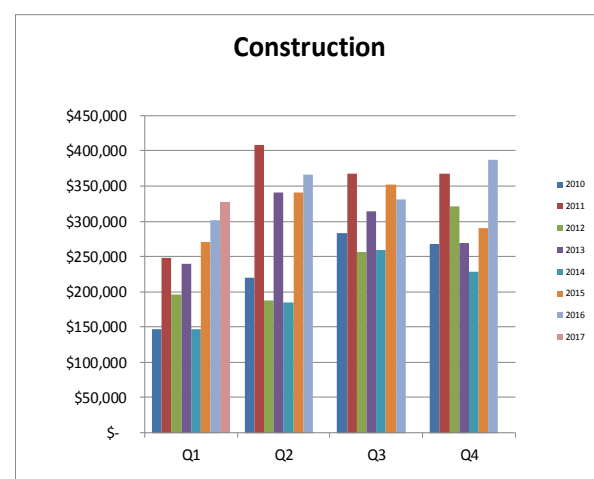
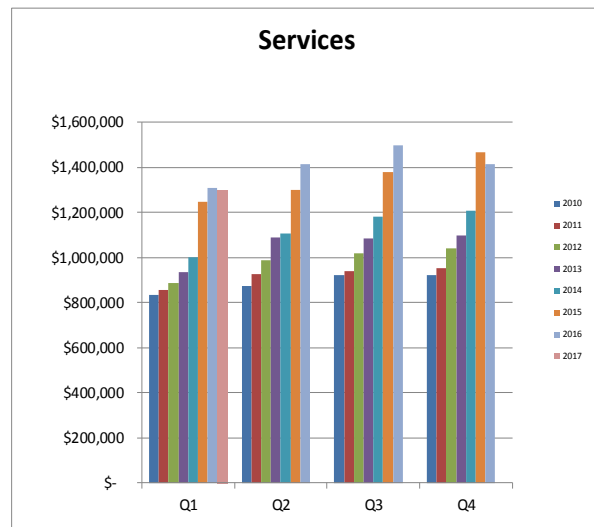
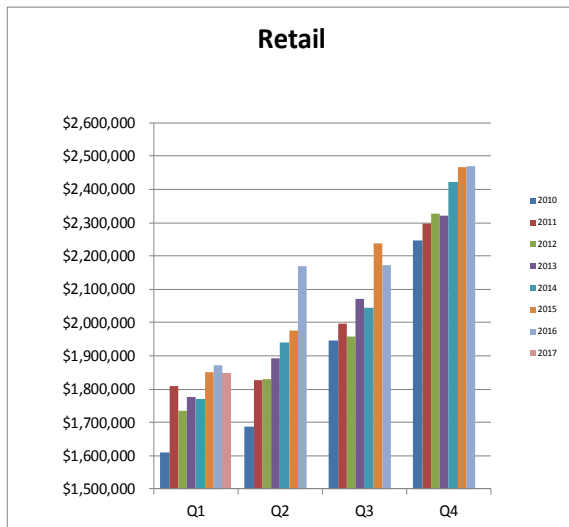
Group	Name	YTD Current	YTD Prior	Dollar Diff.	% Diff.
452	General Merchandise Stores	\$ 453,426.13	\$ 471,695.31	\$ (18,269)	-3.87%
722	Food Services, Drinking Places	\$ 436,557.46	\$ 421,284.20	\$ 15,273	3.63%
448	Clothing and Accessories	\$ 420,320.93	\$ 431,108.89	\$ (10,788)	-2.50%
443	Electronics and Appliances	\$ 270,983.92	\$ 262,019.04	\$ 8,965	3.42%
999	Nonclassifiable Establishments	\$ 268,239.78	\$ 82,353.47	\$ 185,886	225.72%
423	Wholesale Trade, Durable Goods	\$ 218,915.59	\$ 271,608.40	\$ (52,693)	-19.40%
236	Construction of Buildings	\$ 184,265.70	\$ 170,888.91	\$ 13,377	7.83%
441	Motor Vehicle and Parts Dealer	\$ 171,775.13	\$ 153,815.64	\$ 17,959	11.68%
453	Miscellaneous Store Retailers	\$ 167,656.65	\$ 165,225.23	\$ 2,431	1.47%
444	Building Material and Garden	\$ 160,412.38	\$ 152,805.31	\$ 7,607	4.98%

Schedule III shows the ten largest declines in sales tax revenue for industries collected year-to-date. While the NAICS category for Wholesale Trade & Durable Goods experienced a current quarter decrease in sales tax collections of \$53K, the NAICS category 336 Transportation Equipment Manufacturing experienced a 64.5% decrease in sales activity over the previous year.

Schedule III

Group	Name	YTD Current	YTD Prior	Dollar Diff.	% Diff.
423	Wholesale Trade, Durable Goods	\$ 218,915.59	\$ 271,608.40	\$ (52,693)	-19.40%
621	Ambulatory Health Care Service	\$ 35,450.86	\$ 70,597.62	\$ (35,147)	-49.78%
452	General Merchandise Stores	\$ 453,426.13	\$ 471,695.31	\$ (18,269)	-3.87%
522	Credit Intermediation	\$ 20,037.95	\$ 36,967.36	\$ (16,929)	-45.80%
336	Transportation Equipment Man	\$ 8,895.44	\$ 25,058.17	\$ (16,163)	-64.50%
451	Sporting Goods, Hobby, Books	\$ 109,224.59	\$ 124,272.18	\$ (15,048)	-12.11%
442	Furniture and Home Furnishings	\$ 106,162.58	\$ 117,530.31	\$ (11,368)	-9.67%
448	Clothing and Accessories	\$ 420,320.93	\$ 431,108.89	\$ (10,788)	-2.50%
721	Accommodation	\$ 135,146.78	\$ 141,387.59	\$ (6,241)	-4.41%
531	Real Estate	\$ 8,762.37	\$ 11,702.53	\$ (2,940)	-25.12%

The following charts show sales tax receipts the City collected from major industries from 2010 through first quarter of the current year. These categories include retail, services, wholesale, construction, and other consisting of manufacturing, transportation & warehousing, automotive, and miscellaneous.



Below is Schedule IV which shows quarterly gambling tax earned in 2017 compared to 2016.

Schedule IV - Gambling Tax ^(a)

Quarter Earned	2016 Actual	(d) 2017 Actual	2017 Allocated Budget	INCREASE (DECREASE)			
				YEAR OVER YEAR		BUDGET VARIANCE	
				Amount	%	Amount	%
Q1	\$ 950,379	\$ 977,003	\$ 989,745	\$ 26,624	3%	\$ (12,742)	-1%
Q2	867,047	-	902,961	-	-	-	-
Q3	927,316	-	965,727	-	-	-	-
Q4	934,269	-	972,968	-	-	-	-
Totals	\$ 3,679,011	\$ 977,003	\$ 3,831,400	\$ 26,624	-	\$ (12,742)	-

Gambling tax revenue during first quarter 2017 came in below the allocated budget estimate by \$12.7K, or down 1%. However, gambling tax revenue was also nearly \$27K, or 3% higher than 2016. Casinos within the City continue to do well.

Schedule V shows monthly admissions tax receipts for the prior year and current year to date.

Schedule V - Admissions Tax ^(b)

Quarter Earned	2016 Actual	(d) 2017 Actual	2017 Allocated Budget	INCREASE (DECREASE)			
				YEAR OVER YEAR		BUDGET VARIANCE	
				Amount	%	Amount	%
Q1	\$ 161,269	\$ 166,003	\$ 178,187	\$ 4,734	3%	\$ (12,183)	-7%
Q2	156,588	-	173,014	-	-	-	-
Q3	157,862	-	174,422	-	-	-	-
Q4	157,821	-	174,377	-	-	-	-
Totals	\$ 633,540	\$ 166,003	\$ 700,000	\$ 4,734	-	\$ (12,183)	-

While first quarter 2017 admissions tax revenue received was \$12K, or 7% less than budgeted projections, revenue was nearly \$5K, or 3% higher than 2016.

Schedule VI shows monthly telecommunications utility tax receipts for 2017 compared to 2016.

Schedule VI - Telecommunications Utility Tax ^(c)

Quarter Earned	2016 Actual	(d) 2017 Actual	2017 Allocated Budget	INCREASE (DECREASE)			
				YEAR OVER YEAR		BUDGET VARIANCE	
				Amount	%	Amount	%
Q1	\$ 348,156	\$ 323,708	\$ 339,620	\$ (24,448)	-7%	\$ (15,912)	-5%
Q2	321,852	-	313,961	-	-	-	-
Q3	317,156	-	309,380	-	-	-	-
Q4	343,515	-	335,093	-	-	-	-
Totals	\$ 1,330,679	\$ 323,708	\$ 1,298,053	\$ (24,448)	-	\$ (15,912)	-

Current first quarter 2017 telecommunications utility tax is down by \$15K, or 5% under budget and is \$24K, or 7% less than 2016 actual for the same period last year.

- (a) Gambling tax currently includes card games, punch boards, pull tabs, and amusement games.
- (b) Excludes golf course admissions tax.
- (c) Telecommunications Utility tax currently includes cellular, pager and telephone usage.
- (d) Actuals reflected in Schedules IV, V and VI are amounts *earned* for the quarter.

