

# 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 – 1<sup>st</sup> Quarter 2017

#### Schedule I - Sales Tax

in \$1,000's

							γ	'EAR (	OVE	R YEAR	CON	IPARIS	ON							
			2016	Actua	ıl				20	17 Actua	l					Y	OY Cha	inge		
Month Collect- ed		 nstruc- tion	ļ	ther Istries		Total		nstruc- tion		Other dustries		Total		Construc nount	tion %	Indus	her stries ount	%	Total mount	%
Jan	Mar	\$ 99	\$ <sup>-</sup>	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	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	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	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	4,484	\$	4,870	\$	-		-	\$	-	\$	-	-		-	-	\$	-
	Totals	\$ 1,385	16	6,878	\$	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%.

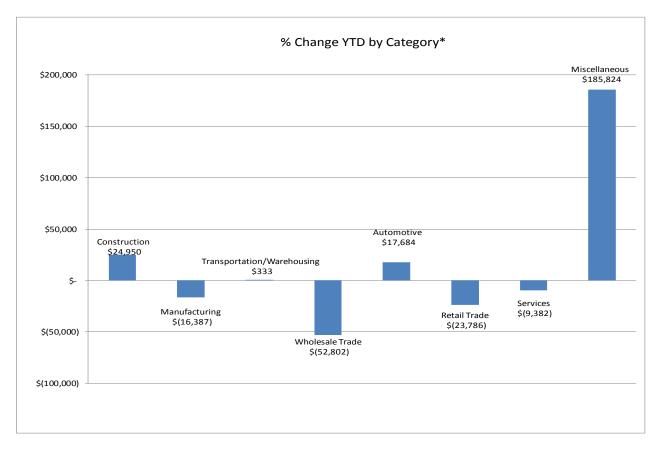
## Budget to Actual – Sales Tax in \$1,000's

## Schedule I - Sales Tax

ET TO	ACT	UAL								
				2016	2017					
 Month Collect- ed	Re	ec'd	,	Actual	llocated 3udget	ļ	Actual	[Act (L O	riance ual Over Jnder) riginal 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	\$	-	\$	<u> </u>	-
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.

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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.

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

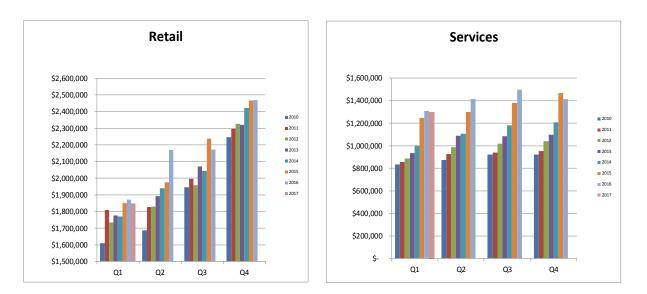
		YTD	YTD	Dollar	%
Group	Name	Current	Prior	Diff.	Diff.
452	General Merchandise Stores	\$ 453,426.13	\$ 471,695.31	\$ (18,269)	-3.87%
722	Food Services, Drinking Places	\$ 436,557.46	\$ 421,284.20	\$ 15,273	3.63%
448	Clothing and Accessories	\$ 420,320.93	\$ 431,108.89	\$ (10,788)	-2.50%
443	Electronics 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-todate. 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.

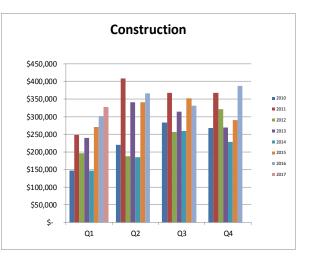
#### Schedule III

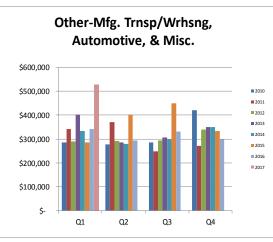
		YTD	YTD	Dollar	%
Group	Name	Current	Prior	Diff.	Diff.
423	Wholesale Trade, Durable Goods	\$ 218,915.59	\$ 271,608.40	\$ (52,693)	-19.40%
621	Ambulatory Health Care Service	\$ 35,450.86	\$ 70,597.62	\$ (35,147)	-49.78%
452	General Merchandise Stores	\$ 453,426.13	\$ 471,695.31	\$ (18,269)	-3.87%
522	Credit 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.









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

		(d)	2017		INCREASE	(DECREASE)	
Quarter	2016	2017	Allocated	YEAR OVEF	RYEAR	BUDGET \	/ARIANCE
Earned	Actual	Actual	Budget	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)	-

#### Schedule IV - Gambling Tax<sup>(a)</sup>

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.

Consulate 1		 -									
		(d)		2017			INCREASE	(D	ECREASE)		
Quarter	2016	2017	A	llocated		YEAR OVE	R YEAR		BUDGET V	ARIANCE	
Earned	Actual	Actual		Budget	-	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)		-

#### Schedule V - Admissions Tax <sup>(b)</sup>

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.

		fileations oth	ιίγταλ				
		(d)	2017		INCREASE	(DECREASE)	
Quarter	2016	2017	Allocated	YEAR OVE	R YEAR	BUDGET V/	ARIANCE
Earned	Actual	Actual	Budget	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)	-

#### Schedule VI - Telecommunications Utility Tax (c)

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.

<sup>(b)</sup> Excludes golf course admissions tax.

<sup>(c)</sup> Telecommunications Utility tax currently includes cellular, pager and telephone usage.

<sup>(d)</sup> Actuals reflected in Schedules IV, V and VI are amounts *earned* for the quarter.

					SALES TAX SUMMARY	<b>NS X</b>	MMARY				
		1:	st Qu	arter 20	17 (Receiv	red in	1st Quarter 2017 (Received in March 2017 - May 2017)	2017)			
					대						atto
NAICS	CONSTRUCTION	16 TOTAL	16 YTD	17 YTD	% Diff	NAICS	AUTOMOTIVE	16 TOTAL	16 YTD	17 YTD	% DH
236	Construction of Buildings	760,913	170,889	184,266	7.8%	41	Motor Vehicle & Parts Dealer	654,979	153,816	171,775	11.7%
237	Heavy & Civil Construction	81,491	12,590	15,774	25.3%	447	Gasoline Stations	88,489	20,693	20,418	-1.3%
538	8	- 1	117,654	126,043	7.1%		TOTAL AUTOMOTIVE	OMOTIVE \$ 143,468 \$	< AUC,P/1	192,193	70 16
	IUIAL CUNSTRUCTION   IUIAL CUNSTRUCTION  Overall Construction Change from Previous Year	om Previous Year		\$24,950	8.3%		CARIALI AURUNUAR CU	ange num rietuus rear			
						NAICS	RETAIL TRADE	16 TOTAL	16 YTD	17 YTD	% Ditt
					ᅂ	442	Fumiture & Home Furnishings	475,117	117,530	106,163	-9.7%
	MANUFACTURING	16 TOTAL	16 YTD	17 YTD	% Diff	443	Electronics & Appliances	1,180,563	262,019	270,984	3.4%
311	Food Manufacturing	9,420	1,753	1,932	10.2%	444	Building Material & Garden	734,035	152,805	160,412	5.0%
312	Beverage & Tobacco Products	5,216	1,838	4,477	143.5%	445	Food & Beverage Stores	236,578	45,822	54,826	19.6%
313	Textile Mills	222	4	130	3312.1%	446	Health & Personal Care	306,528	69,317	68,845	-0.7%
314	Textile Product Mills	11,406	2,695	3,579	32.8%	448	Clothing & Accessories	2,089,128	431,109	420,321	-2.5%
315	Apparel Manufacturing	1,024	344	242	-29.7%	451	Sporting Goods, Hobby, Books	573,709	124,272	109,225	-12.1%
316	Leather & Allied Products	54	-	80	16.2%	452	General Merchandise Stores	2,202,158	471,695	453,426	-3.9%
321	Wood Product Manufacturing	3,305	513	478	-6.8%	453	Miscellaneous Store Retailers	728,706	165,225	167,657	1.5%
322	Paper Manufacturing	27,243	8,250	6,276	-23.9%	454	Nonstore Retailers	156,153	33,044	37,196	12.6%
323	Printing & Related Support	28,714	7,547	6,539	-13.4%		TOTAL RETAIL TRADE	\$ 8,682,675 \$	1,872,840 \$	1,849,054	
324	Petroleum & Coal Products	19	ŝ	4	-21.3%		Overall General Retail Cl	<b>Overall General Retail Change from Previous Year</b>	51	(\$23,786)	-1.3%
325	Chemical Manufacturing	-22	2,522	1,494	-40.8%						
326	Plastic & Rubber Products	6,454	<b>899</b>	1,093	63.7%						ᅋᅶ
327	Nonmetallic Mineral Products	3,615	473	726	53.5%		SERVICES	16 TOTAL	16 YTD	17 YTD	% Ditt
331	Primary Metal Manufacturing	2,008	547	266	-51.5%	51X	Information	857,972	193,289	198,161	2.5%
332	Fabricated Metal Mfg Products	10,978	1,943	3,840	97.6%	52X	Finance & Insurance	117,680	38,893	21,670	-44.3%
333	Machinery Manufacturing	10,914	8,679	1,491	-82.8%	53X	Real Estate, Rental, Leasing	656,465	169,617	166,026	-2.1%
334	Computer & Electronic Products	5,490	999	2,955	343.8%	541	Professional, Scientific, Tech	586,578	111,142	114,071	2.6%
335	Electric Equipment, Appliances	2,588	505	2,796	453.3%	551	Company Management	S	en	0	0.0%
336	Transportation Equipment Mfg	115,102	25,058	8,895	-64.5%	56X	Admin, Supp, Remed Svcs	153,702	32,569	36,930	13.4%
337	Furniture & Related Products	5,357	1,098	1,315	19.8%	611	Educational Services	11,320	1,750	1,508	-13.9%
339	Miscellaneous Manufacturing	19,806	3,610	3,802	5.3%	62X	Health Care Social Assistance	325,504	17,609	43,895	-43.4%
	TOTAL MANUFACTURING \$	268,912 \$	68,725	\$ 52,338		71X	Arts & Entertainment	245,035	53,646	64,720	20.6%
	Overali Manufacturing Change from Previous Year	rom Previous Year	/ 65	(\$16,387)	-23.8%	72X	Accommodation & Food Svcs	2,401,994	562,672	571,704	1.6%
					-	81X	Other Services	212,841	52,455	62,636	19.4%
					dTY .	92X	Public Administration	68,626	17,984	20,925	16.4%
3	THANSPORTATION & WAREHOUSING	16 TOTAL	16 YTD	17 YTD	% Diff		TOTAL SERVICES	\$ 5,637,723 \$	1,311,628 \$	1,302,246	
181 1	Air Transportation	0 :		1	0.0%		Overall Services Char	Overall Services Change from Previous Year		(295'65)	-7%
44		4	ן מ	<b>3</b> 5	1762.3%						
40 1 1 1	Transit and Ground Decompose	6/0/2	0,4	3/9 E2	-20.3%						
487	Scenic and Sichhseeind Tran	2 058	3 5	3 <del>.</del>	-70.3%		MISCELL ANEDLIS	16 TOTAI	te vrn	17 VTD	
488	Transportation Support	48.851	13 180	13 822	A 9%		Inknown		0		0.0%
491	Postal Services	811	204	226	10.8%	111-115		514	125	, 8	-35.9%
492	Couriers & Messengers	2,139	697	361	-48.2%	211-221		89	2	98	-17.0%
493	Warehousing & Storage	1,430	310	396	27.7%	666	Unclassifiable Establishments	193,069	82.353	268.240	225.7%
	TOTAL TRANSP & WHSING \$	58,677 \$		\$ 15,356			MISCELLANEOUS TOTAL	\$ 193,651 \$	82,582 \$	268,406	
	Overall Transportation Change from Previous Year	rom Previous Year		5333	2.2%		Overall Miscellaneous C	rom Previous		\$185,824	225.0%
	WHOLFSALF TRADF	16 TOTAL	16 VTD	17 VTD	UTD MIC %						
423	Whis Trade-Durable Goods	1.133.269	271.608	218.916	-19.4%						Ĩ
424	Whis Trade-Nondurable Goods	157,297	36,961	36,756	-0.6%			16 TOTAL	16 YTD	17 YTD	
425	Wholesale Electronic Markets	2,988	528	624	18.0%		GRAND TOTALS		\$4,135,538	\$4.261.971	
	WHOLESALE TRADE TOTAL \$	1,293,553 \$		\$ 256,295				Pre	vious Year	\$126.433	3.06%
	Overali Wholesale Change from Previous Year	m Previous Year	_		-17.1%		Grand Total Change from Previous Year - Without New Construction	ous Year - Without New Col	Instruction	\$101,483	2.65%

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