



INFORMATIONAL MEMORANDUM

TO: Finance Committee
 FROM: Vicky Carlsen, Finance Director
 BY: Aaron Williams, Fiscal Coordinator
 CC: Mayor Ekberg
 DATE: June 22, 2020
 SUBJECT: Sales Tax & Misc Revenues – 1st Quarter 2020

Year Over Year Sales Tax Comparison:

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

----- YEAR OVER YEAR COMPARISON -----													
		2019 Actual			2020 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	\$ 140	\$ 1,225	\$ 1,365	\$ 145	\$ 1,313	\$ 1,459	\$ 6	4%	\$ 89	7%	\$ 94	7%
Feb	Apr	62	1,252	1,314	138	1,001	1,138	75	121%	(251)	-20%	(175)	-13%
Mar	May	102	1,565	1,668	293	1,022	1,315	191	187%	(543)	-35%	(352)	-21%
Q-1 Totals		\$ 304	4,042	\$ 4,346	\$ 576	3,336	\$ 3,912	\$ 272	89%	(705)	-17%	\$ (434)	-10%
Apr	Jun	119	1,447	1,566			-						
May	Jul	147	1,356	1,503			-						
Jun	Aug	204	1,647	1,851			-						
Q-2 Totals		\$ 470	4,450	\$ 4,920	\$ -	-	\$ -	\$ -	0%	-	0%	\$ -	0%
Jul	Sep	165	1,527	1,692			-						
Aug	Oct	230	1,412	1,642			-						
Sep	Nov	309	1,474	1,783			-						
Q-3 Totals		\$ 704	4,413	\$ 5,117	\$ -	-	\$ -	\$ -	0%	-	0%	\$ -	0%
Oct	Dec	310	1,408	1,717			-						
Nov	Jan	164	1,514	1,677			-						
Dec	Feb	267	1,871	2,139			-						
Q-4 Totals		\$ 740	4,793	\$ 5,534	\$ -	-	\$ -	\$ -	0%	-	0%	\$ -	0%
Totals		\$ 2,219	17,698	\$ 19,916	\$ 576	3,336	\$ 3,912	\$ 272	12%	(705)	-4%	\$ (434)	-2%

The global coronavirus pandemic began impacting businesses and city revenues during the second half of the first quarter. By the end of March many businesses were closed due to the stay home orders, which continue through much of the second quarter of 2020.

Sales Taxes collected in the first quarter of 2020 totaled \$3.9 million, which is down (\$434k), or -10%, compared to the first quarter of the prior year.

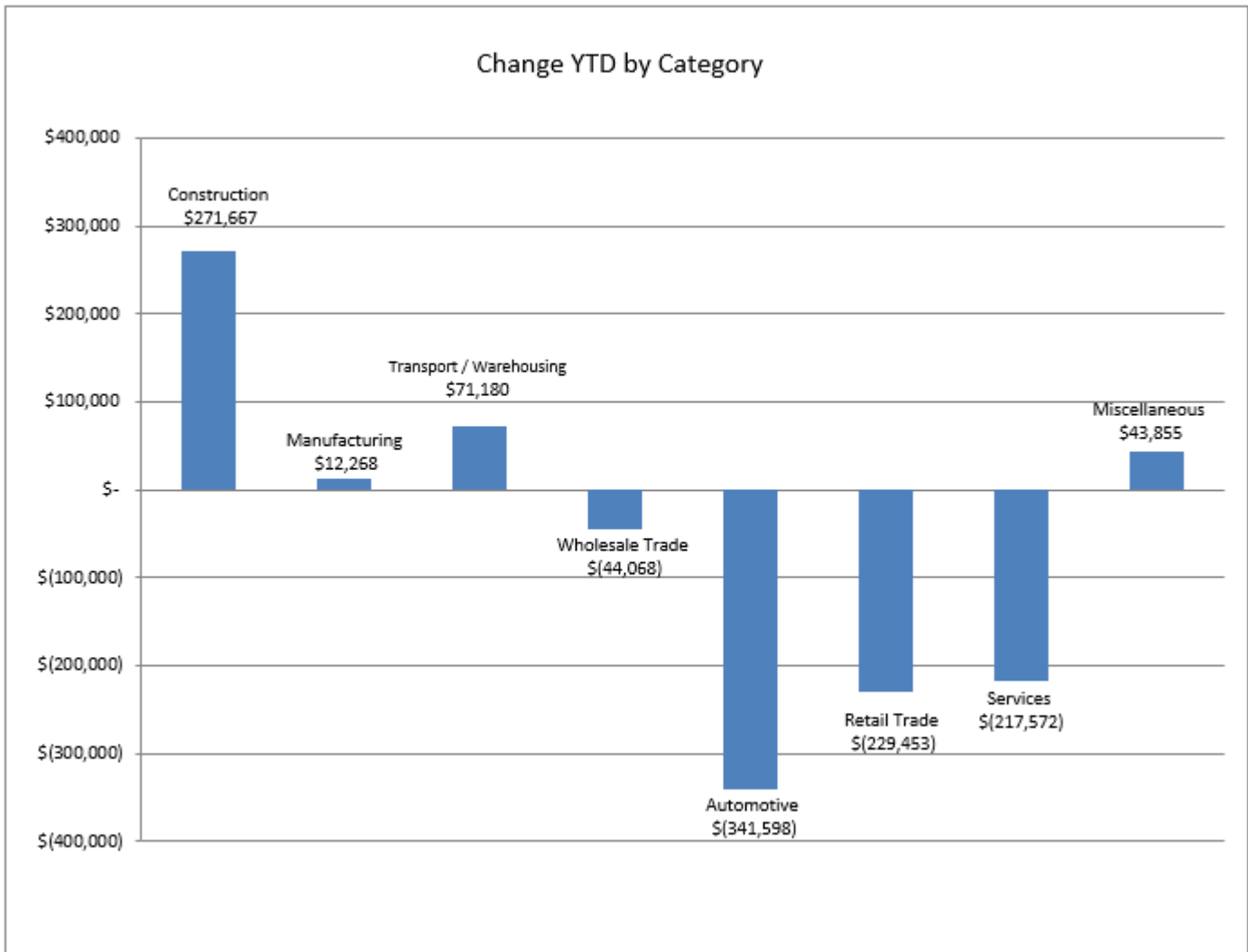
Construction sales taxes remain strong; the first quarter collections totaled \$576k, an increase of \$272k or 89% compared to the first quarter of the prior year.

Budget to Actual Sales Tax Comparison:

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

		----- BUDGET TO ACTUAL -----				
-- Month -- Collected Rec'd		2019	2020		Variance	
		Actual	Allocated Budget	Actual	Amt	%
Jan	Mar	\$ 1,365	\$ 1,364	\$ 1,459	94	7%
Feb	Apr	1,314	\$ 1,313	\$ 1,138	(175)	-13%
Mar	May	1,668	\$ 1,667	\$ 1,315	(352)	-21%
Q-1 Totals		\$ 4,346	\$ 4,345	\$ 3,912	\$ (433)	-10%
Apr	Jun	1,566	\$ 1,566			
May	Jul	1,503	\$ 1,503			
Jun	Aug	1,851	\$ 1,850			
Q-2 Totals		\$ 4,920	\$ 4,918	\$ -	\$ -	0%
Jul	Sep	1,692	\$ 1,692			
Aug	Oct	1,642	\$ 1,641			
Sep	Nov	1,783	\$ 1,783			
Q-3 Totals		\$ 5,117	\$ 5,116	\$ -	\$ -	0%
Oct	Dec	1,717	\$ 1,717			
Nov	Jan	1,677	\$ 1,677			
Dec	Feb	2,139	\$ 2,139			
Q-4 Totals		\$ 5,534	\$ 5,533	\$ -	\$ -	0%
Totals		\$ 19,916	\$ 19,911	\$ 3,912	\$ (433)	-2%

The 2020 budget for sales taxes is \$19.911 million, which is nearly equal to total collections for 2019. Through the first quarter, sales taxes are down by (\$433k), which equates to approximately 2% of the annual budget.



The chart above compares the prior year-to-date totals to the current year-to-date totals for the eight major categories of sales tax. Construction sales taxes are up significantly compared to the prior year; this is helping offset some declines in other categories.

Automotive is the largest decline compared to the prior year; this is due to one-time revenues received in 2019. Retail Trade, Wholesale Trade and Services are also down compared the prior year; these groups were all impacted by the COVID shutdowns.

Schedule II - YTD sales tax collections - top ten industry classifications

Group	Name	YTD Current	YTD Prior	Dollar Diff.	% Diff.
236	Construction of Buildings	\$ 483,566	\$ 204,336	\$ 279,230	136.65%
452	General Merchandise Stores	\$ 406,980	\$ 437,002	\$ (30,022)	-6.87%
722	Food Services, Drinking Places	\$ 317,959	\$ 480,139	\$ (162,180)	-33.78%
448	Clothing and Accessories	\$ 269,921	\$ 396,190	\$ (126,269)	-31.87%
443	Electronics and Appliances	\$ 227,388	\$ 244,269	\$ (16,881)	-6.91%
444	Building Material and Garden	\$ 194,755	\$ 181,644	\$ 13,111	7.22%
423	Wholesale Trade, Durable Goods	\$ 193,718	\$ 237,179	\$ (43,461)	-18.32%
532	Rental and Leasing Services	\$ 188,809	\$ 150,903	\$ 37,906	25.12%
541	Professional, Scientific, Tech	\$ 183,583	\$ 161,117	\$ 22,466	13.94%
453	Miscellaneous Store Retailers	\$ 171,136	\$ 202,394	\$ (31,258)	-15.44%

Through the first quarter, Construction sales taxes are the top category, which is usually a little further down the list. With the closure of the mall and other retail shopping, many of these categories are already reflecting declines in taxes.

Schedule III - YTD ten largest declines (\$) in sales tax collections by industry class

Group	Name	YTD Current	YTD Prior	Dollar Diff.	% Diff.
441	Motor Vehicle and Parts Dealer	\$ 75,965	\$ 417,917	\$ (341,952)	-81.82%
722	Food Services, Drinking Places	\$ 317,959	\$ 480,139	\$ (162,180)	-33.78%
448	Clothing and Accessories	\$ 269,921	\$ 396,190	\$ (126,269)	-31.87%
721	Accommodation	\$ 75,304	\$ 155,335	\$ (80,031)	-51.52%
423	Wholesale Trade, Durable Goods	\$ 193,718	\$ 237,179	\$ (43,461)	-18.32%
713	Amusement, Gambling, and Rec	\$ 36,411	\$ 67,724	\$ (31,313)	-46.24%
453	Miscellaneous Store Retailers	\$ 171,136	\$ 202,394	\$ (31,258)	-15.44%
452	General Merchandise Stores	\$ 406,980	\$ 437,002	\$ (30,022)	-6.87%
451	Sporting Goods, Hobby, Books	\$ 79,296	\$ 99,599	\$ (20,304)	-20.39%
443	Electronics and Appliances	\$ 227,388	\$ 244,269	\$ (16,881)	-6.91%

The chart above shows the ten largest declines compared to the prior year.

Industry code 441-Motor Vehicles and Parts Dealer totals for 2019 includes \$245k of one-time revenues, contributing to the significant decrease.

SALES TAX SUMMARY
Q1 2020 Sales Taxes (Received in Mar-May '20)

NAICS	CONSTRUCTION	19 TOTAL	19 YTD	20 YTD	YTD % Diff	NAICS	AUTOMOTIVE	19 TOTAL	19 YTD	20 YTD	YTD % Diff
236	Construction of Buildings	1,670,033	204,336	483,566	136.7%	441	Motor Vehicle & Parts Dealer	963,914	417,917	75,965	-81.8%
237	Heavy & Civil Construction	89,166	9,318	13,238	42.1%	447	Gasoline Stations	99,694	21,260	21,615	1.7%
238	Specialty Trade Contractors	459,712	90,569	79,085	-12.7%		TOTAL AUTOMOTIVE	\$ 1,063,607	\$ 439,178	\$ 97,580	-77.8%
	TOTAL CONSTRUCTION	\$ 2,218,910	\$ 304,223	\$ 575,890			<i>Overall Automotive Change from Previous Year</i>			(\$341,598)	
	<i>Overall Construction Change from Previous Year</i>			\$ 271,667	89.3%						
NAICS	MANUFACTURING	19 TOTAL	19 YTD	20 YTD	YTD % Diff	NAICS	RETAIL TRADE	19 TOTAL	19 YTD	20 YTD	YTD % Diff
311	Food Manufacturing	26,862	6,078	6,410	5.5%	442	Furniture & Home Furnishings	565,878	117,035	111,316	-4.9%
312	Beverage & Tobacco Products	12,837	2,466	3,951	60.2%	443	Electronics & Appliances	1,149,541	244,269	227,388	-6.9%
313	Textile Mills	130	8	1,493	19621.5%	444	Building Material & Garden	835,211	181,644	194,755	7.2%
314	Textile Product Mills	11,628	3,744	2,382	-36.4%	445	Food & Beverage Stores	311,945	68,874	67,594	-1.9%
315	Apparel Manufacturing	367	129	50	-61.4%	446	Health & Personal Care	274,638	67,932	54,549	-19.7%
316	Leather & Allied Products	73	20	9	-55.5%	448	Clothing & Accessories	1,996,280	396,190	269,921	-31.9%
321	Wood Product Manufacturing	3,105	619	18,392	2870.3%	451	Sporting Goods, Hobby, Books	508,525	99,599	79,296	-20.4%
322	Paper Manufacturing	22,299	5,535	5,023	-9.3%	452	General Merchandise Stores	2,167,481	437,002	406,980	-6.9%
323	Printing & Related Support	25,202	3,758	7,464	98.6%	453	Miscellaneous Store Retailers	857,091	202,394	171,136	-15.4%
324	Petroleum & Coal Products	103	23	23	-1.5%	454	Nonstore Retailers	137,655	29,719	32,270	8.6%
325	Chemical Manufacturing	4,124	1,121	458	-59.2%		TOTAL RETAIL TRADE	\$ 8,804,245	\$ 1,844,657	\$ 1,615,204	-12.4%
326	Plastic & Rubber Products	4,068	2,129	362	-83.0%		<i>Overall General Retail Change from Previous Year</i>			(\$229,453)	
327	Nonmetallic Mineral Products	5,827	1,187	1,121	-5.6%						
331	Primary Metal Manufacturing	872	513	36	-93.1%	NAICS	SERVICES	19 TOTAL	19 YTD	20 YTD	YTD % Diff
332	Fabricated Metal Mfg Products	6,122	1,115	2,259	102.6%	51X	Information	988,506	190,225	176,273	-7.3%
333	Machinery Manufacturing	4,188	1,115	580	-47.9%	52X	Finance & Insurance	65,075	-3,530	26,136	-840.3%
334	Computer & Electronic Products	14,628	3,312	3,348	1.1%	53X	Real Estate, Rental, Leasing	707,128	158,072	193,847	22.6%
335	Electric Equipment, Appliances	18,412	1,214	3,178	161.9%	541	Professional, Scientific, Tech	704,072	161,117	183,583	13.9%
336	Transportation Equipment Mfg	41,256	10,475	369	-96.5%	551	Company Management	53	4	0	0.0%
337	Furniture & Related Products	7,015	2,385	1,810	-24.1%	56X	Admin, Supp, Remed Svcs	325,783	77,409	79,329	2.5%
339	Miscellaneous Manufacturing	29,576	6,315	6,814	7.9%	611	Educational Services	5,953	1,330	1,644	23.6%
	TOTAL MANUFACTURING	\$ 238,694	\$ 53,263	\$ 65,531		62X	Health Care Social Assistance	85,567	18,459	20,740	12.4%
	<i>Overall Manufacturing Change from Previous Year</i>			\$12,268	23.0%	71X	Arts & Entertainment	314,765	74,379	40,280	-45.8%
NAICS	TRANSPORTATION & WAREHOUSING	19 TOTAL	19 YTD	20 YTD	YTD % Diff	721	Accommodation	744,823	155,335	75,304	-51.5%
481	Air Transportation	0	0	-2,482	0.0%	722	Food Services, Drinking Places	2,080,421	480,139	317,959	-33.8%
482	Rail Transportation	46	8	13	50.0%	81X	Other Services	227,568	61,278	37,595	-38.6%
483	Water Transportation	305	245	60	-75.6%	92X	Public Administration	14,275	3,497	7,449	113.0%
484	Truck Transportation	1,916	755	141	-81.3%		TOTAL SERVICES	\$ 6,263,989	\$ 1,377,712	\$ 1,160,140	-15.8%
485	Transit and Ground Passengers	859	434	368	-15.2%		<i>Overall Services Change from Previous Year</i>			(\$217,572)	
487	Scenic and Sightseeing Tran	1,338	252	197	-21.9%						
488	Transportation Support	55,956	12,948	87,707	577.4%	NAICS	MISCELLANEOUS	19 TOTAL	19 YTD	20 YTD	YTD % Diff
491	Postal Services	797	206	195	-5.5%	000	Unknown	0	0	0	0.0%
492	Couriers & Messengers	2,494	955	529	-44.6%	111-115	Agriculture, Forestry, Fishing	1,991	147	335	127.7%
493	Warehousing & Storage	1,845	407	663	62.8%	211-221	Mining & Utilities	1,235	289	124	-57.1%
	TOTAL TRANSP & WHSING	\$ 65,555	\$ 16,211	\$ 87,390		999	Unclassifiable Establishments	104,627	34,834	78,666	125.8%
	<i>Overall Transportation Change from Previous Year</i>			\$71,180	439.1%		MISCELLANEOUS TOTAL	\$ 107,853	\$ 35,270	\$ 79,125	124.3%
							<i>Overall Miscellaneous Change from Previous Year</i>			\$43,855	
NAICS	WHOLESALE TRADE	19 TOTAL	19 YTD	20 YTD	YTD % Diff						
423	Whls Trade-Durable Goods	987,675	237,179	193,718	-18.3%						
424	Whls Trade-Nondurable Goods	163,323	37,471	36,665	-2.2%						
425	Wholesale Electronic Markets	2,609	772	971	25.7%						
	WHOLESALE TRADE TOTAL	\$ 1,153,607	\$ 275,423	\$ 231,354			18 TOTAL	18 YTD	19 YTD	% Diff	
	<i>Overall Wholesale Change from Previous Year</i>			(\$44,068)	-16.0%		GRAND TOTALS	\$19,916,461	\$4,345,937	\$3,912,215	
							<i>Grand Total Change from Previous Year</i>			(\$433,722)	-9.98%
							<i>Grand Total Change from Previous Year - Without New Construction</i>			(\$705,389)	-17.45%

Schedule IV - Gambling Tax ^(a)

Quarter Earned	2019 Actual	(d) 2020 Actual	2020 Allocated Budget	INCREASE (DECREASE)			
				YEAR OVER YEAR		BUDGET VARIANCE	
				Amount	%	Amount	%
Q1	\$ 999,638	\$ 738,821	\$ 1,116,025	\$ (260,818)	-26%	\$ (377,204)	-34%
Q2	947,463		1,057,776				
Q3	1,029,502		1,149,366				
Q4	880,337		982,834				
Totals	\$ 3,856,941	\$ 738,821	\$ 4,306,000	\$ (260,818)	-26%	\$ (377,204)	-34%

Returns have been received for all casino/card rooms for 2020-Q1.

Schedule V - Admissions Tax ^(b)

Quarter Earned	2019 Actual	(d) 2020 Actual	2020 Allocated Budget	INCREASE (DECREASE)			
				YEAR OVER YEAR		BUDGET VARIANCE	
				Amount	%	Amount	%
Q1	\$ 272,521	\$ 180,899	\$ 247,790	\$ (91,622)	-34%	\$ (66,891)	-27%
Q2	251,285		228,481				
Q3	214,495		195,029				
Q4	218,532		198,700				
Totals	\$ 956,833	\$ 180,899	\$ 870,000	\$ (91,622)	-34%	\$ (66,891)	-27%

Three payments have been identified as not having been received yet. This could improve the Q1 returns, but due to the shutdowns in March, the remaining amounts likely will be less than \$10k total.

Schedule VI - Telecommunications Utility Tax ^(c)

Quarter Earned	2019 Actual	(d) 2020 Actual	2020 Allocated Budget	INCREASE (DECREASE)			
				YEAR OVER YEAR		BUDGET VARIANCE	
				Amount	%	Amount	%
Q1	\$ 236,604	\$ 212,326	\$ 340,648	\$ (24,278)	-10%	\$ (128,322)	-38%
Q2	228,313		328,710				
Q3	227,053		326,897				
Q4	255,078		367,246				
Totals	\$ 947,048	\$ 212,326	\$ 1,363,500	\$ (24,278)	-10%	\$ (128,322)	-38%

The Telecommunications tax has been on a downward trend over the past few years. The trend is reflective of consumer preferences and changes in the communications industry.

(a) Gambling tax includes card games, punch boards, pull tabs and amusement games.

(b) Excludes golf course admission tax.

(c) Telecommunications Utility tax includes cellular, pager and telephone usage.

(d) Actuals reflected in Schedules IV, V and VI are amounts earned for the quarter.