



INFORMATIONAL MEMORANDUM

TO: Finance Committee
 FROM: Peggy McCarthy, Finance Director
 BY: Lily Jue, Fiscal Coordinator
 CC: Mayor Ekberg
 DATE: December 5, 2017
 SUBJECT: Sales Tax and Miscellaneous Revenue Report – 3rd Quarter 2017

Schedule I - Sales Tax

in \$1,000's

----- YEAR OVER YEAR COMPARISON -----													
		2016 Actual			2017 Actual			YOY Change					
-- Month -- Collect- ed	Rec'd	Construc- tion	Other Industries	Total	Construc- tion	Other Industries	Total	Construction		Other Industries		Total	
								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	92	1,316	1,408	(13)	-12%	(20)	-1%	(33)	-2%
May	Jul	119	1,361	1,480	106	1,315	1,421	(12)	-10%	(46)	-3%	(59)	-4%
Jun	Aug	139	1,553	1,692	119	1,387	1,506	(20)	-14%	(166)	-11%	(185)	-11%
Q-2 Totals		\$ 362	4,250	\$ 4,612	\$ 317	4,018	\$ 4,335	\$ (45)	-12%	(232)	-5%	\$ (277)	-6%
Jul	Sep	109	1,428	1,537	131	1,376	1,508	22	20%	(52)	-4%	(30)	-2%
Aug	Oct	111	1,438	1,549	126	1,345	1,471	15	13%	(93)	-6%	(78)	-5%
Sep	Nov	115	1,444	1,559	140	1,473	1,613	25	22%	29	2%	54	3%
Q-3 Totals		\$ 335	4,310	\$ 4,645	\$ 397	4,194	\$ 4,591	\$ 62	19%	(116)	-3%	\$ (54)	-1%
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	\$ 1,040	12,148	\$ 13,188	\$ 42		(246)		\$ (204)	

Third quarter sales tax collections decreased by approximately \$54K, or (1%) when compared with the same period in 2016. There was an increase in construction sales tax of \$62K over the same quarter last year, or up by 19%. Sales tax from other industries decreased by \$116K, or down by 3%.

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

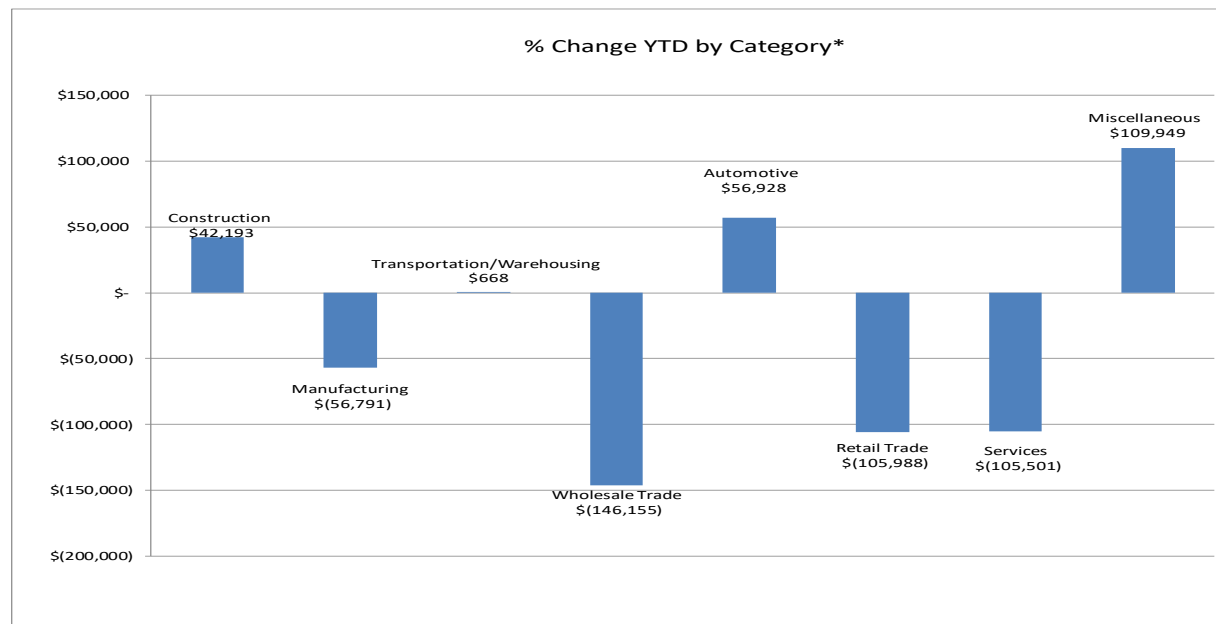
Schedule I - Sales Tax

----- BUDGET TO ACTUAL -----						
		2016	2017			
-- Month -- Collect- ed	Rec'd	Actual	Allocated Budget	Actual	Variance [Actual Over (Under) Original Budget]	
					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	1,408	(119)	-8%
May	Jul	1,480	\$ 1,568	1,421	(147)	-9%
Jun	Aug	1,692	\$ 1,793	1,506	(286)	-16%
Q-2 Totals		\$ 4,612	\$ 4,887	\$ 4,335	\$ (552)	-11%
Jul	Sep	1,537	\$ 1,629	1,508	(121)	-7%
Aug	Oct	1,549	\$ 1,642	1,471	(171)	-10%
Sep	Nov	1,559	\$ 1,652	1,613	(39)	-2%
Q-3 Totals		\$ 4,645	\$ 4,923	\$ 4,591	\$ (331)	-7%
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	\$ 13,188	\$ (1,003)	

Actual revenue from sales tax collections received through third quarter is less than anticipated by \$1 million, or a 7% variance from budgeted estimates.

Third quarter actual sales tax revenue from all the various industries in the categories of Manufacturing, Wholesale Trade, Retail Trade, Services and Miscellaneous have experienced a decrease, collectively, in sales tax collections by approximately \$248K due primarily to reductions in reported gross sales activity.

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



Total Construction increased by \$42K, or up by 4% through third quarter. Construction of Buildings had an increase in sales tax activity of \$42K, or up by 7.5%. Likewise, the area of Heavy & Civil Construction also experienced an increase in sales tax activity of \$24K, or up by 41%, while the area of Specialty Trade Contractors had a decrease in sales tax activity of \$24K, or down by 6%.

The decrease of \$57K, or (29%) in the Manufacturing category is mostly attributable to a reduction in sales tax activity for the Transportation Equipment Manufacturing area of \$68K, or down by 77%.

The continued overall decline of \$146K, or a fall of nearly 15% in the Wholesale Trade category is due to a reduction in sales activity in the area of Wholesale Durable Goods of \$143K which is down by 16% while the Automotive industry experienced an increase of \$57K, or is up by 10% due to increased sales tax activity mainly in the area of Motor Vehicle & Parts Dealers.

Total Retail Trade decreased by \$106K, or fell by nearly 2% due primarily to a decline in sales tax activity for Electronics & Appliances of \$93K, or down by 11%. While the area of Nonstore Retailers experienced an increase in sales tax activity of \$77K, or up by 72%. The areas of Sporting Goods/Hobby/Books and General Mdse Stores are down by \$50K and \$58K, or have fallen by 12% and 4%, respectively.

The Services category which shows a decrease of \$105K, or down by 2.5% is mostly attributable to a collective decline in sales tax activity in the areas of Information, Finance & Insurance, Real Estate/Rental/Leasing and Health Care Social Assistance by \$275K, or a decrease of 18%. However, the areas of Professional/Scientific/Technology, Administrative Support, Arts & Entertainment, Accommodation & Food Svcs, Public Administration, and Other Svcs are showing collective increases of \$169K, or up by 6%.

The miscellaneous category remains favorable through third quarter due primarily to the annual use tax filings in the Nonclassifiable Establishments related to artwork from earlier in the year.

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Schedule II shows current year-to-date sales tax collected from the top ten industry classifications. Food Services/Drinking Places in the NAICS 722 category has the highest year over year increase at \$81K due to growth in overall gross sales over the same quarter previous year. This is followed by an increase of \$55K in the category of Motor Vehicle & Parts Dealer, Construction of Buildings with an increase of \$42K, and then Building Material & Garden by \$40K during the current quarter due to overall increases in reported sales tax activity.

Schedule II

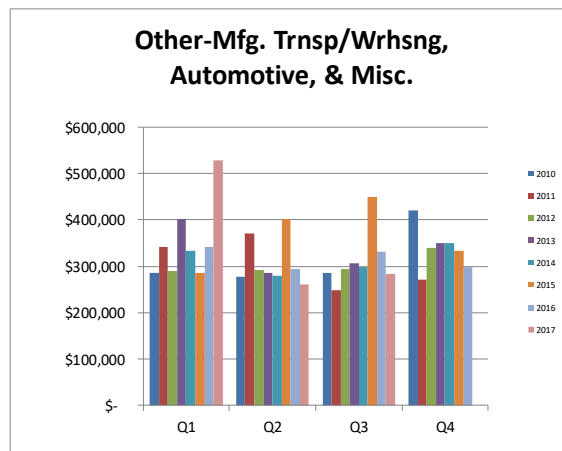
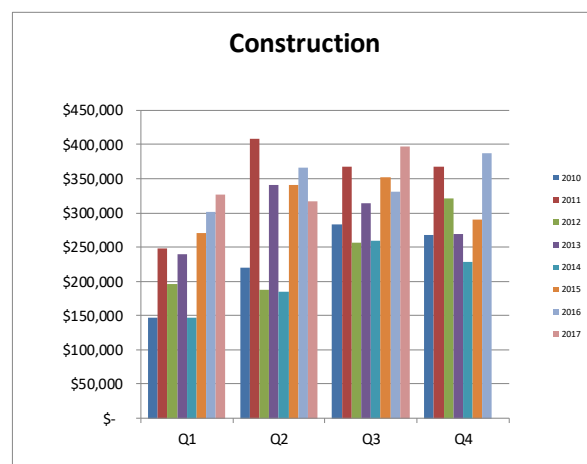
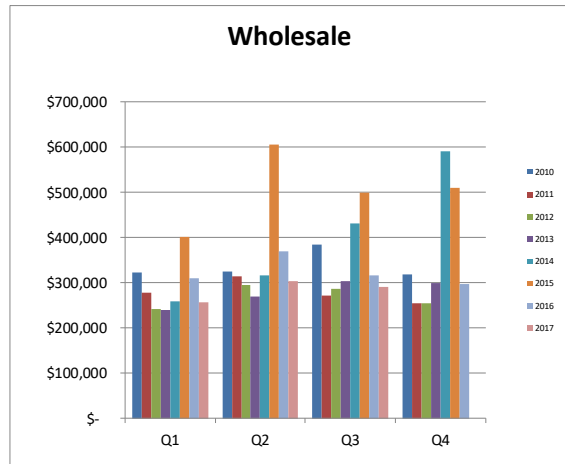
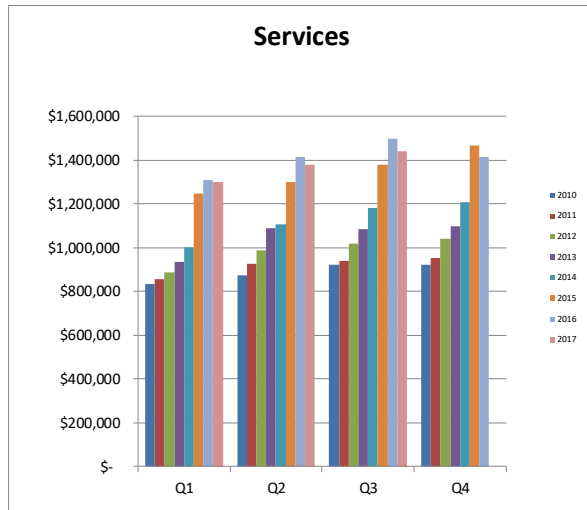
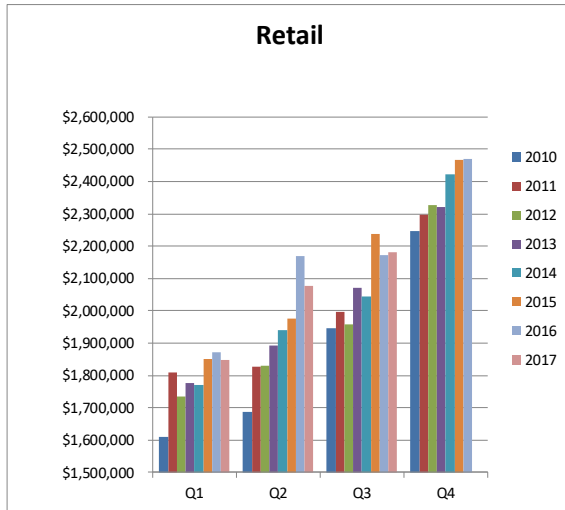
Group	Name	YTD Current	YTD Prior	Dollar Diff.	% Diff.
452	General Merchandise Stores	\$ 1,521,737	\$ 1,579,747	\$ (58,010)	-3.67%
448	Clothing and Accessories	\$ 1,445,559	\$ 1,460,601	\$ (15,042)	-1.03%
722	Food Services, Drinking Places	\$ 1,388,565	\$ 1,307,450	\$ 81,115	6.20%
443	Electronics and Appliances	\$ 754,936	\$ 847,619	\$ (92,683)	-10.93%
423	Wholesale Trade, Durable Goods	\$ 729,926	\$ 873,039	\$ (143,113)	-16.39%
236	Construction of Buildings	\$ 606,447	\$ 564,015	\$ 42,433	7.52%
444	Building Material and Garden	\$ 602,949	\$ 562,956	\$ 39,993	7.10%
441	Motor Vehicle and Parts Dealer	\$ 534,900	\$ 479,810	\$ 55,091	11.48%
721	Accommodation	\$ 517,003	\$ 520,183	\$ (3,180)	-0.61%
453	Miscellaneous Store Retailers	\$ 515,893	\$ 509,872	\$ 6,021	1.18%

Schedule III shows the ten largest declines in sales tax revenue by dollar difference for industries collected year-to-date. While the NAICS category 621 for Ambulatory Health Care Service experienced a current quarter decrease in sales tax collections of \$164K, the NAICS category 336 for Transportation Equipment Manufacturing experienced a 77% decrease in sales tax activity over the previous year.

Schedule III

Group	Name	YTD Current	YTD Prior	Dollar Diff.	% Diff.
621	Ambulatory Health Care Service	\$ 64,870	\$ 229,327	\$ (164,457)	-71.71%
423	Wholesale Trade, Durable Goods	\$ 729,926	\$ 873,039	\$ (143,113)	-16.39%
443	Electronics and Appliances	\$ 754,936	\$ 847,619	\$ (92,683)	-10.93%
336	Transportation Equipment Man	\$ 19,543	\$ 87,430	\$ (67,888)	-77.65%
452	General Merchandise Stores	\$ 1,521,737	\$ 1,579,747	\$ (58,010)	-3.67%
451	Sporting Goods, Hobby, Books	\$ 356,909	\$ 407,224	\$ (50,315)	-12.36%
518	Internet Service Providers	\$ 23,963	\$ 64,111	\$ (40,148)	-62.62%
517	Telecommunications	\$ 454,923	\$ 484,952	\$ (30,030)	-6.19%
238	Specialty Trade Contractors	\$ 351,617	\$ 375,619	\$ (24,002)	-6.39%
442	Furniture and Home Furnishings	\$ 324,405	\$ 347,577	\$ (23,172)	-6.67%

The following charts show sales tax receipts the City collected from major industries from 2010 through third 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	983,322	902,961	116,276	13%	80,361	9%
Q3	927,316	951,991	965,727	24,675	3%	(13,735)	-1%
Q4	934,269	-	972,968	-	-	-	-
Totals	\$ 3,679,011	\$ 2,912,316	\$ 3,831,400	\$ 167,574	-	\$ 53,884	-

Gambling tax revenue for third quarter 2017 came in above the previous year by \$25K, or up by 3%. As a result, overall year-to-date gambling tax revenue is up by a total of \$168K, or has increased nearly 7% when compared with 2016 and has exceeded year-to-date allocated budget by nearly \$54K, or up by approximately 2%. 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	157,574	173,014	986	1%	(15,441)	-9%
Q3	157,862	117,422	174,422	(40,440)	-26%	(57,000)	-33%
Q4	157,821	-	174,377	-	-	-	-
Totals	\$ 633,540	\$ 440,999	\$ 700,000	\$ (34,720)	-	\$ (84,624)	-

Third quarter 2017 admissions tax revenue received was \$40K, or 26% less than previous year same quarter actual due to a taxpayer reporting less gross sales activity during the months of August and September than anticipated. As a result, total year-to-date revenue is down by nearly \$35K, or approximately 7% lower 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	312,456	313,961	(9,397)	-3%	(1,505)	0%
Q3	317,156	388,433	309,380	71,278	22%	79,053	26%
Q4	343,515	-	335,093	-	-	-	-
Totals	\$ 1,330,679	\$ 1,024,597	\$ 1,298,053	\$ 37,433	-	\$ 61,636	-

Current third quarter 2017 telecommunications utility tax received was \$71K, or 22% more than previous year same quarter actual. This is due to a taxpayer who filed returns from prior years of \$80K on behalf of their merger company. As a result, total year-to-date revenue is up by \$37K, or has increased by 4%.

- (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.

See attached Sales Tax Summary Main Chart – 3rd Qtr 2017

SALES TAX SUMMARY

3rd Quarter 2017 (Received in March 2017 - November 2017)

NAICS	CONSTRUCTION	16 TOTAL	16 YTD	17 YTD	YTD % Diff
236	Construction of Buildings	761,107	564,015	606,447	7.5%
237	Heavy & Civil Construction	81,491	57,907	81,669	41.0%
238	Specialty Trade Contractors	539,624	375,619	351,617	-6.4%
	TOTAL CONSTRUCTION	\$ 1,382,222	\$ 997,541	\$ 1,039,734	4.2%
	<i>Overall Construction Change from Previous Year</i>				
NAICS	MANUFACTURING	16 TOTAL	16 YTD	17 YTD	YTD % Diff
311	Food Manufacturing	9,420	6,173	8,891	44.0%
312	Beverage & Tobacco Products	5,217	2,720	8,876	226.3%
313	Textile Mills	222	169	366	116.6%
314	Textile Product Mills	11,406	8,154	10,154	24.5%
315	Apparel Manufacturing	1,024	810	686	-15.4%
316	Leather & Allied Products	54	28	53	85.2%
321	Wood Product Manufacturing	3,257	2,070	2,709	30.9%
322	Paper Manufacturing	27,243	20,410	18,257	-10.6%
323	Printing & Related Support	28,709	20,390	20,872	2.4%
324	Petroleum & Coal Products	19	15	19	26.1%
325	Chemical Manufacturing	-22	-2,262	1,873	-182.8%
326	Plastic & Rubber Products	6,454	5,628	3,157	-43.9%
327	Nonmetallic Mineral Products	3,615	1,761	3,446	95.7%
331	Primary Metal Manufacturing	2,008	1,729	1,213	-29.9%
332	Fabricated Metal Mfg Products	10,978	8,656	5,931	-31.5%
333	Machinery Manufacturing	10,555	9,896	3,544	-64.2%
334	Computer & Electronic Products	5,490	3,711	7,877	112.2%
335	Electric Equipment, Appliances	2,588	2,131	2,960	38.9%
336	Transportation Equipment Mfg	115,102	87,430	19,543	-77.6%
337	Furniture & Related Products	5,608	3,824	7,549	97.4%
339	Miscellaneous Manufacturing	19,790	13,427	12,107	-9.8%
	TOTAL MANUFACTURING	\$ 268,737	\$ 196,872	\$ 140,081	-28.8%
	<i>Overall Manufacturing Change from Previous Year</i>				
NAICS	TRANSPORTATION & WAREHOUSING	16 TOTAL	16 YTD	17 YTD	YTD % Diff
481	Air Transportation	0	0	11	0.0%
482	Rail Transportation	44	36	97	174.3%
483	Water Transportation	269	236	61	-74.3%
484	Truck Transportation	2,679	1,648	1,380	-16.3%
485	Transit and Ground Passengers	664	247	151	-38.9%
487	Scenic and Sightseeing Tran	2,058	2,022	57	-97.2%
488	Transportation Support	48,851	36,197	39,305	8.6%
491	Postal Services	811	536	673	25.5%
492	Couriers & Messengers	2,139	2,048	1,413	-31.0%
493	Warehousing & Storage	1,161	842	1,332	58.3%
	TOTAL TRANSP & WHSING	\$ 58,677	\$ 43,811	\$ 44,479	1.5%
	<i>Overall Transportation Change from Previous Year</i>				
NAICS	WHOLESALE TRADE	16 TOTAL	16 YTD	17 YTD	YTD % Diff
423	Wholesale Trade-Durable Goods	1,132,580	873,039	729,926	-16.4%
424	Wholesale Trade-Nondurable Goods	157,285	121,414	118,357	-2.5%
425	Wholesale Electronic Markets	2,988	1,868	1,883	0.8%
	WHOLESALE TRADE TOTAL	\$ 1,292,853	\$ 996,321	\$ 850,166	-14.7%
	<i>Overall Wholesale Change from Previous Year</i>				
NAICS	AUTOMOTIVE	16 TOTAL	16 YTD	17 YTD	YTD % Diff
441	Motor Vehicle & Parts Dealer	654,125	479,810	534,900	11.5%
447	Gasoline Stations	88,489	67,083	68,920	2.7%
	TOTAL AUTOMOTIVE	\$ 742,614	\$ 546,892	\$ 603,820	10.4%
	<i>Overall Automotive Change from Previous Year</i>				
NAICS	RETAIL TRADE	16 TOTAL	16 YTD	17 YTD	YTD % Diff
442	Furniture & Home Furnishings	475,117	347,577	324,405	-6.7%
443	Electronics & Appliances	1,181,336	847,619	754,936	-10.9%
444	Building Material & Garden	734,089	562,956	602,949	7.1%
445	Food & Beverage Stores	236,576	189,115	187,119	10.6%
446	Health & Personal Care	306,652	220,068	212,365	-3.5%
448	Clothing & Accessories	2,089,128	1,460,601	1,445,559	-1.0%
451	Sporting Goods, Hobby, Books	573,709	407,224	356,909	-12.4%
452	General Merchandise Stores	2,202,158	1,579,747	1,521,737	-3.7%
453	Miscellaneous Store Retailers	727,568	509,872	515,893	1.2%
454	Nonstore Retailers	156,093	107,418	184,336	71.6%
	TOTAL RETAIL TRADE	\$ 8,682,425	\$ 6,212,198	\$ 6,106,210	-1.7%
	<i>Overall General Retail Change from Previous Year</i>				
NAICS	SERVICES	16 TOTAL	16 YTD	17 YTD	YTD % Diff
51X	Information	858,379	641,692	580,066	-9.6%
52X	Finance & Insurance	117,529	102,066	76,701	-24.9%
53X	Real Estate, Rental, Leasing	657,600	483,317	454,951	-5.9%
541	Professional, Scientific, Tech	586,373	399,598	412,456	3.2%
551	Company Management	5	5	0	0.0%
56X	Admin, Supp, Flmed Svcs	155,622	104,785	121,094	15.6%
611	Educational Services	11,320	7,432	8,617	15.9%
62X	Health Care Social Assistance	325,504	252,382	92,427	-63.4%
71X	Arts & Entertainment	245,035	191,706	201,276	5.0%
72X	Accommodation & Food Svcs	2,401,994	1,827,633	1,905,568	4.3%
81X	Other Services	214,562	163,570	197,986	21.0%
92X	Public Administration	68,626	50,690	68,223	34.6%
	TOTAL SERVICES	\$ 5,642,550	\$ 4,224,865	\$ 4,119,865	-2.5%
	<i>Overall Services Change from Previous Year</i>				
NAICS	MISCELLANEOUS	16 TOTAL	16 YTD	17 YTD	YTD % Diff
000	Unknown	0	0	0	0.0%
111-115	Agriculture, Forestry, Fishing	514	257	382	48.8%
211-221	Mining & Utilities	133	-62	351	-661.3%
999	Unclassifiable Establishments	191,819	174,429	283,839	62.7%
	MISCELLANEOUS TOTAL	\$ 192,466	\$ 174,623	\$ 284,572	63.0%
	<i>Overall Miscellaneous Change from Previous Year</i>				
NAICS	GRAND TOTALS	16 TOTAL	16 YTD	17 YTD	YTD % Diff
	GRAND TOTALS	\$18,282,544	\$13,393,123	\$13,188,426	-1.5%
	<i>Grand Total Change from Previous Year - Without New Construction</i>				
	GRAND TOTALS	\$18,282,544	\$13,393,123	\$13,188,426	-1.5%
	<i>Grand Total Change from Previous Year - Without New Construction</i>				