

# Town of Prescott Valley Arizona

## Quarterly Sales Tax Report



To The Town Council

Presented on May 25, 2017

Covering the highlights of sales tax activities of the Town Government during

**The Quarter Ended March 31, 2017**

Prepared by the Town of Prescott Valley Management Services Department

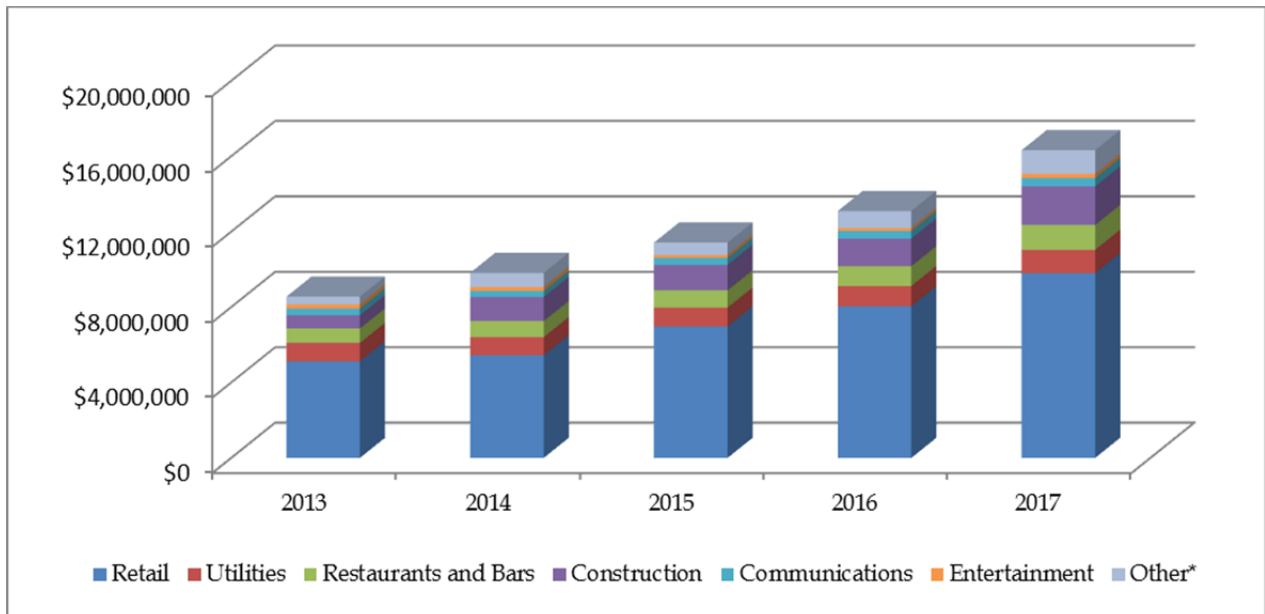
**Town of Prescott Valley  
Transaction Privilege/Use Tax Revenues  
March 31, 2017**

This report represents the transaction privilege/use tax revenues (sales tax) collected by the Town through the third quarter of fiscal year ending June 30, 2017. Total sales tax revenues are up by 24.59% compared to last fiscal year, 90.86% compared to four years ago and are 2.77% favorable to the 2017 budget. The rise in sales tax collections is partially due to the 0.50% increase in transaction privilege tax that went into effect January 1, 2016. The sales tax increase, along with new businesses in the area and improvements to local economy are representative of positive trends in many areas including retail, construction, and restaurants and bars.

**Sales Tax Collections**

| Category             | 2013         | 2014         | 2015          | 2016          | 2017          |
|----------------------|--------------|--------------|---------------|---------------|---------------|
| Retail               |              |              |               |               |               |
| Stores               | \$ 2,350,336 | \$ 2,691,831 | \$ 3,813,203  | \$ 4,588,327  | \$ 5,809,377  |
| Grocery              | 1,637,906    | 1,632,859    | 1,838,873     | 1,903,050     | 2,226,052     |
| Automotive           | 809,724      | 961,164      | 1,131,566     | 1,401,944     | 1,555,692     |
| Other                | 325,987      | 148,877      | 192,474       | 148,185       | 204,351       |
| Total Retail         | 5,123,953    | 5,434,731    | 6,976,116     | 8,041,506     | 9,795,472     |
| Utilities            | 972,168      | 970,662      | 994,709       | 1,076,804     | 1,242,168     |
| Restaurants and Bars | 765,767      | 849,432      | 912,446       | 1,050,303     | 1,317,753     |
| Construction         | 704,366      | 1,275,107    | 1,356,323     | 1,461,894     | 2,038,772     |
| Communications       | 357,874      | 329,588      | 365,936       | 409,587       | 451,630       |
| Entertainment        | 215,439      | 200,718      | 155,347       | 148,546       | 208,333       |
| Other*               | 410,508      | 753,867      | 658,875       | 908,716       | 1,264,360     |
| Total                | \$ 8,550,075 | \$ 9,814,105 | \$ 11,419,752 | \$ 13,097,356 | \$ 16,318,488 |

**Sales Tax Collections**



\*Commercial Lease, Job Printing, Lodging, Mining, Personal Property Rental, Publication, Transportation and Use Tax

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Retail - Stores encompass a variety of businesses including big box stores (i.e., Home Depot, Wal-Mart, and Sam's Club), department stores (i.e., Kohl's), hardware (i.e., Ace Hardware), painting, furniture and service businesses that sell retail items. Retail stores tax collections are favorable to the prior year by 26.61% or \$1,221,050 and 147.17% or \$3,459,041 compared to four years ago. New businesses and an improved economy have led the retail store category trending upward.

Retail - Grocery includes large food chains, small mom and pop stores and convenience stores. An increase of 16.97% or \$323,001 was seen over last year and an increase of 35.91% or \$588,146 compared to four years ago. Corresponding to the increase in population, retail grocery revenue continues to rise.

Retail - Automotive includes auto dealerships, automotive repair shops, tire stores and retail stores that sell automotive parts and accessories. An increase of 10.97% or \$153,748 was seen over last year and an increase of 92.13% or \$745,968 compared to four years ago.

Utilities category contains tax collected on the sale of electricity, natural gas, water and sewer service. Collections are up by 15.36% or \$165,364 compared to last year and are up by 27.77% or \$270,000 compared to four years ago. The increase is a result of higher utility usage and various rate increases.

Restaurants and Bars include fast food chains, restaurants and bars. This category is favorable to last fiscal year by 25.46% or \$267,450 and favorable to four years ago by 72.08% or \$551,986. This favorability is mainly due to improved economic conditions as well as the opening of new businesses.

Construction tax revenues include residential and commercial projects. Construction tax revenues are favorable to last year by 39.46% or \$576,878 and are favorable to four years ago by 189.45% or \$1,334,406. Overall, construction revenue is increasing.

Communications include cell phone service providers, long distance providers, etc. This category is favorable to last year by 10.26% or \$42,043 and favorable to four years ago by 26.20% or \$93,756.

| Designated Boundary           | 2013         | 2014         | 2015         | 2016         | 2017         |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Crossroads                    | \$ 1,201,176 | \$ 1,356,563 | \$ 1,767,158 | \$ 2,006,703 | \$ 2,716,597 |
| Glassford Hill                | **           | **           | 1,329,145    | 1,341,388    | 1,991,244    |
| Secondary Credit Support Area | 767,244      | 820,581      | 876,313      | 1,093,988    | 1,360,159    |
| Entertainment District/ Area  | 579,307      | 504,570      | 485,142      | 529,790      | 644,480      |
| Other*                        | 353,875      | 505,619      | 104,606      | 42,407       | 108,737      |
| Total                         | \$ 2,901,602 | \$ 3,187,333 | \$ 4,562,364 | \$ 5,014,276 | \$ 6,821,217 |

\*Multi-Purpose Event Center (MPEC) and Quailwood - reported in other as the number of businesses within the designated boundary did not meet minimum reporting requirements

During the second quarter of 2013, tax revenue from the businesses within designated boundaries represented 33.94% of overall tax revenues collected. In the third quarter of 2017, tax revenues collected in designated boundaries represents 41.80% of overall tax revenues collected.

**Transaction Privilege Tax Within Designated Boundaries by Category**

| Category             | 2013         | 2014         | 2015         | 2016         | 2017         |
|----------------------|--------------|--------------|--------------|--------------|--------------|
| Construction         | **           | \$ 80,605    | \$ 78,176    | \$ 113,065   | \$ 121,507   |
| Retail               | 1,958,090    | 2,279,306    | 3,529,781    | 4,158,111    | 5,536,445    |
| Restaurants and Bars | 368,210      | 417,227      | 402,482      | 482,007      | 587,520      |
| Other*               | 575,302      | 410,195      | 551,925      | 261,093      | 575,745      |
| Total                | \$ 2,901,602 | \$ 3,187,333 | \$ 4,562,364 | \$ 5,014,276 | \$ 6,821,217 |

\*Commercial Lease, Communications, Entertainment, Job Printing, Lodging, Mining, Personal Property Rental, Publication, Transportation, Use Tax and Utilities

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For the current fiscal year, retail within the designated boundaries represents 56.52% of total retail tax revenue. Construction within the designated boundaries represents 5.96% of the total tax revenue for construction. Restaurants and bars represent 44.58% of the total in that category.

The following graph illustrates sales tax collections for the current year compared to the prior four fiscal years. The FY17 Actual & Projected column represents actual for first through third quarters and projected TPT collections through June 30, 2017. Total FY17 Budget has been provided in the final column for basis of comparison.

**Sales Tax Collections by Quarter**

