

Town of Prescott Valley  
Arizona

Quarterly Sales Tax Report



To The Town Council

Presented on February 23, 2017

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

**The Quarter Ended December 31, 2016**

Prepared by the Town of Prescott Valley Management Services Department

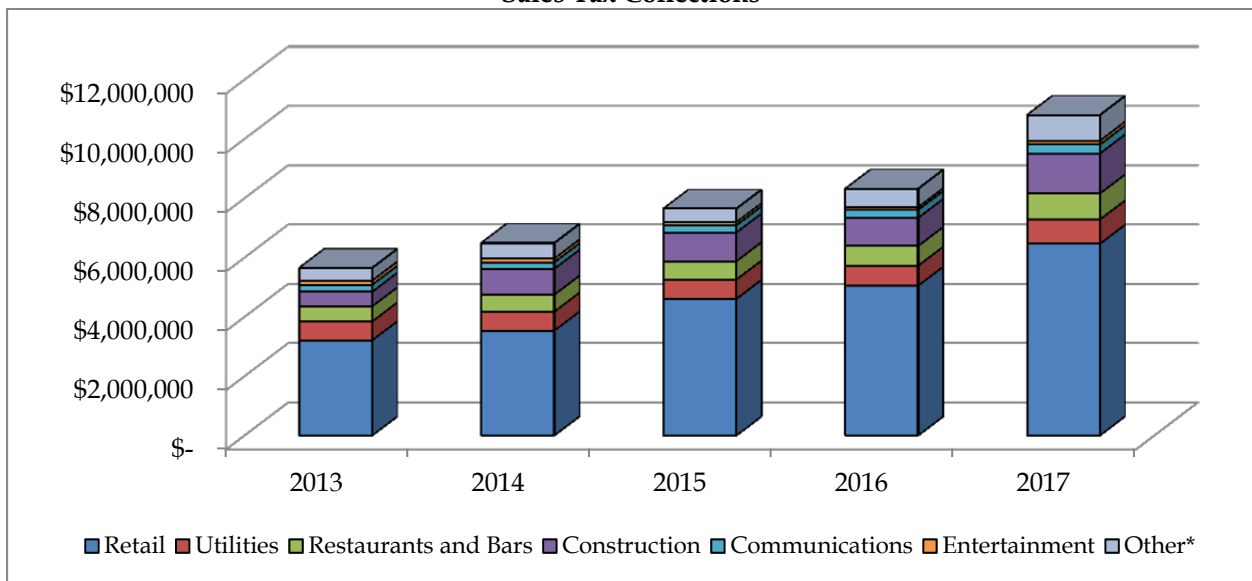
**Town of Prescott Valley  
Transaction Privilege/Use Tax Revenues  
December 31, 2016**

This report represents the transaction privilege/use tax revenues (sales tax) collected by the Town through the second quarter of fiscal year ending June 30, 2017. Total sales tax revenues are up by 29.86% compared to last fiscal year, 91.26% compared to four years ago and are 3.10% 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. If the tax is refactored to exclude the 0.50% increase, the revenue reflects a 6.92% increase over the previous year. Adjusted percentages, excluding the increase, are provided in each section narrative on page two and are noted in parenthesis. 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	\$ 1,549,148	\$ 1,733,469	\$ 2,484,025	\$ 2,845,976	\$ 3,820,528
Grocery	1,025,577	1,081,554	1,201,845	1,168,619	1,428,535
Automotive	557,541	642,964	787,180	944,998	1,093,404
Other	80,822	80,368	136,692	93,269	120,788
Total Retail	3,213,088	3,538,355	4,609,742	5,052,862	6,463,255
Utilities	633,195	639,690	651,836	673,971	821,687
Restaurants and Bars	509,563	570,089	617,058	665,568	873,697
Construction	490,259	875,197	968,854	948,342	1,350,596
Communications	238,200	217,314	242,187	268,426	300,012
Entertainment	143,934	129,013	105,706	93,088	133,120
Other*	419,830	519,927	451,249	616,365	860,074
Total	\$ 5,648,069	\$ 6,489,585	\$ 7,646,632	\$ 8,318,622	\$ 10,802,441

**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 34.24% (10.53%) or \$974,552 and 146.62% or \$2,271,380 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 22.24% (0.64%) or \$259,916 was seen over last year and an increase of 39.29% or \$402,958 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 15.70% (-4.74%) or \$148,405 was seen over last year and an increase of 96.11% or \$535,863 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 21.92% (0.38%) or \$147,716 compared to last year and are up by 29.77% or \$188,492 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 31.27% (8.08%) or \$208,129 and favorable to four years ago by 71.46% or \$364,134. 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 42.42% (17.25%) or \$402,255 and are favorable to four years ago by 175.49% or \$860,337. Overall construction revenue is increasing.

Communications include cell phone service providers, long distance providers, etc. This category is favorable to last year by 11.77% (-7.98%) or \$31,587 and favorable to four years ago by 25.95% or \$61,812.

**Sales Tax Within Designated Boundaries**

Designated Boundary	2013	2014	2015	2016	2017
Crossroads	\$ 800,625	\$ 904,716	\$ 1,189,012	\$ 1,287,084	\$ 1,814,275
Glassford Hill	**	**	868,969	847,453	1,315,504
Secondary Credit Support Area	532,329	541,640	612,580	728,162	975,520
Entertainment District/ Area	389,157	349,403	324,935	336,402	432,054
Other*	216,749	250,049	69,677	23,548	48,025
Total	\$ 1,938,860	\$ 2,045,808	\$ 3,065,173	\$ 3,222,649	\$ 4,585,378

\*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 34.33% of overall tax revenues collected. In the second quarter of 2017 tax revenues collected in designated boundaries represents 42.45% of overall tax revenues collected.

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

Category	2013	2014	2015	2016	2017
Construction	**	\$ 50,265	\$ 57,589	\$ 73,617	\$ 92,460
Retail	1,309,031	1,447,350	2,316,385	2,650,268	3,713,674
Restaurants and Bars	243,274	277,577	270,623	307,175	384,015
Other*	386,555	270,616	420,576	191,590	395,229
Total	\$ 1,938,860	\$ 2,045,808	\$ 3,065,173	\$ 3,222,649	\$ 4,585,378

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

For the current fiscal year, retail within the designated boundaries represents 57.46% of total retail tax revenue. Construction within the designated boundaries represents 6.85% of the total tax revenue for construction. Restaurants and bars represent 43.95% of the total in that category.

The following graph illustrates sales tax collections for the current year as compared to the prior four fiscal years. FY17 represents actual (for first and second quarter) as well as projected TPT collections. Total FY17 budget has been provided in final column for basis of comparison.

**Sales Tax Collections by Quarter**

