

Town of Prescott Valley
Arizona

Quarterly Sales Tax Report



To The Town Council

Presented on February 22, 2018

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

The Quarter Ended December 31, 2017

Prepared by the Town of Prescott Valley Management Services Department

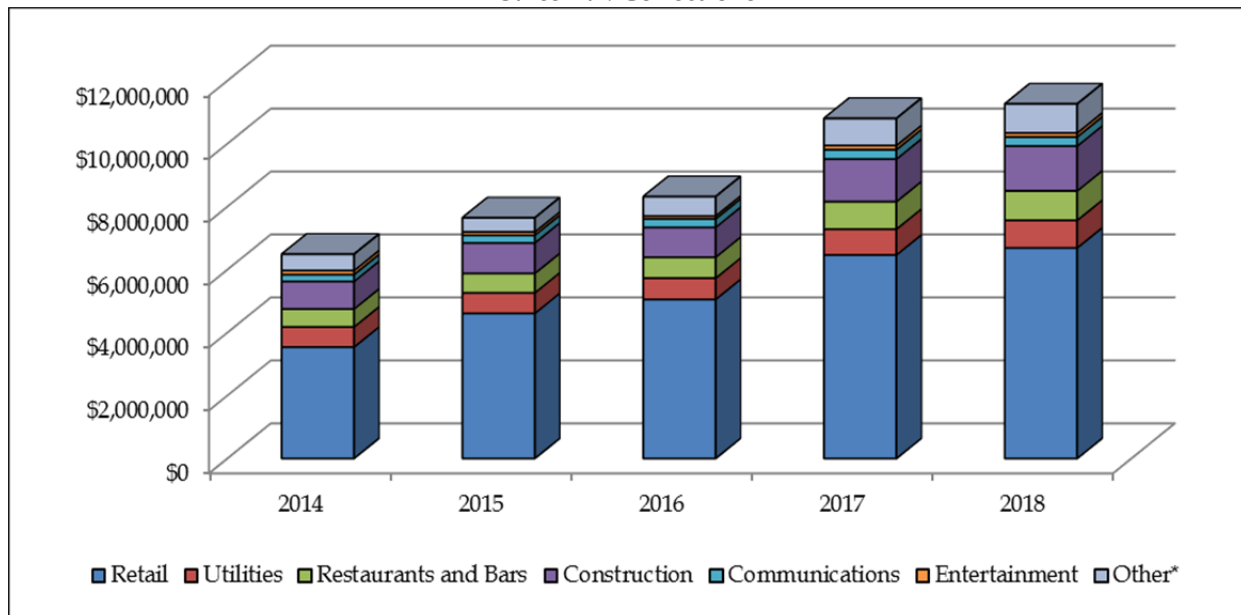
Town of Prescott Valley
Transaction Privilege/Use Tax Revenues
December 31, 2017

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, 2018. Total sales tax revenues are up by 4.28% compared to last fiscal year, 73.58% compared to four years ago and are on target with 2018 budget projections. 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 following graphs represent performance through the second quarter of 2018 as well as in the preceding four years.

Sales Tax Collections

Category	2014	2015	2016	2017	2018
Retail					
Stores	\$ 1,733,469	\$ 2,484,025	\$ 2,845,976	\$ 3,820,527	\$ 4,138,927
Grocery	1,081,554	1,201,845	1,168,619	1,428,535	1,398,758
Automotive	642,964	787,180	944,998	1,093,404	1,010,353
Other	80,368	136,692	93,269	120,780	140,617
Total Retail	3,538,355	4,609,742	5,052,862	6,463,246	6,688,655
Utilities	639,690	651,836	673,971	821,687	876,871
Restaurants and Bars	570,089	617,058	665,568	873,697	932,841
Construction	875,197	968,854	948,342	1,350,596	1,424,961
Communications	217,314	242,187	268,426	300,012	287,977
Entertainment	129,013	105,706	93,088	133,120	131,113
Other*	519,927	451,249	616,365	860,083	922,197
Total	\$ 6,489,585	\$ 7,646,632	\$ 8,318,622	\$ 10,802,441	\$ 11,264,615

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 8.33% or \$318,400 and 138.77% or \$2,405,458 compared to four years ago. New businesses within this category have contributed to the rise.

Retail - Grocery includes large food chains, small mom and pop stores and convenience stores. A decrease of 2.08% or \$29,777 was seen over last year and an increase of 29.33% or \$317,204 compared to four years ago. Competition within the grocery market outside Prescott Valley have led to this modest decrease.

Retail – Automotive includes auto dealerships, automotive repair shops, tire stores and retail stores that sell automotive parts and accessories. A decrease of 7.60% or \$83,051 was seen over last year and an increase of 57.14% or \$367,389 compared to four years ago. The decrease for the current fiscal year is predominantly a result in the decline of new car sales which correspond to state and national trends.

Utilities category contains tax collected on the sale of electricity, natural gas, and water/sewer service. Collections are up by 6.72% or \$55,184 compared to last year and are up by 37.08% or \$237,180 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 6.77% or \$59,144, and is favorable to four years ago by 63.63% or \$362,753. This increase is due to improved economic conditions and the opening of new establishments within Prescott Valley.

Construction tax revenues include residential and commercial projects. Construction tax revenues are favorable to last year by 5.51% or \$74,365 and up by 62.82% or \$549,763 compared to four years ago. The expectation is this category will continue to trend favorably as construction projects are completed during this fiscal year.

Sales Tax Within Designated Boundaries

Designated Boundary	2014	2015	2016	2017	2018
Crossroads	\$ 904,716	\$ 1,189,012	\$ 1,287,085	1,814,275	1,913,171
Glassford Hill	**	868,969	847,453	1,316,613	1,366,285
Secondary Credit Support Area	541,640	612,580	728,162	960,906	1,037,333
Entertainment District/ Area	349,403	324,935	336,402	432,562	448,182
Other*	250,049	69,677	23,548	48,025	48,068
Total	\$ 2,045,808	\$ 3,065,173	\$ 3,222,650	\$ 4,572,381	\$ 4,813,039

*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

Through the second quarter of 2014, tax revenue from the businesses within designated boundaries represented 31.52% of overall tax revenues collected. Through the second quarter of 2018, tax revenues collected in designated boundaries represents 42.73% of overall tax revenues collected.

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Transaction Privilege Tax Within Designated Boundaries by Category

Category	2014	2015	2016	2017	2018
Construction	50,265	\$ 57,589	\$ 73,617	\$ 92,460	\$ 115,559
Retail	1,447,350	2,316,385	2,650,268	3,693,240	3,935,840
Restaurants and Bars	277,577	270,623	307,175	389,556	421,184
Other*	270,616	420,576	191,590	397,125	340,456
Total	\$ 2,045,808	\$ 3,065,173	\$ 3,222,650	\$ 4,572,381	\$ 4,813,039

*Communications, Entertainment, Job Printing, Lodging, Mining, Personal Property Rental, Publication, Transportation, Use Tax and Utilities reported in Other

For the current fiscal year, Retail within the designated boundaries represents 58.84% of total tax revenue. Construction within the designated boundaries represents 8.11% of the total tax revenue for construction. Restaurants and bars represent 45.15% 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. Total sales tax collections are shown for each fiscal year. For fiscal year 2018, actual sales tax collections have been provided along with budget projections for illustrative purposes.

Sales Tax Collections by Quarter

