

Town of Prescott Valley
Arizona

Quarterly Sales Tax Report



To The Town Council

Presented on March 12, 2015

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

The Quarter Ended December 31, 2014

Prepared by the Town of Prescott Valley Management Services Department

**Town of Prescott Valley
Transaction Privilege/Use Tax Revenues
December 31, 2014**

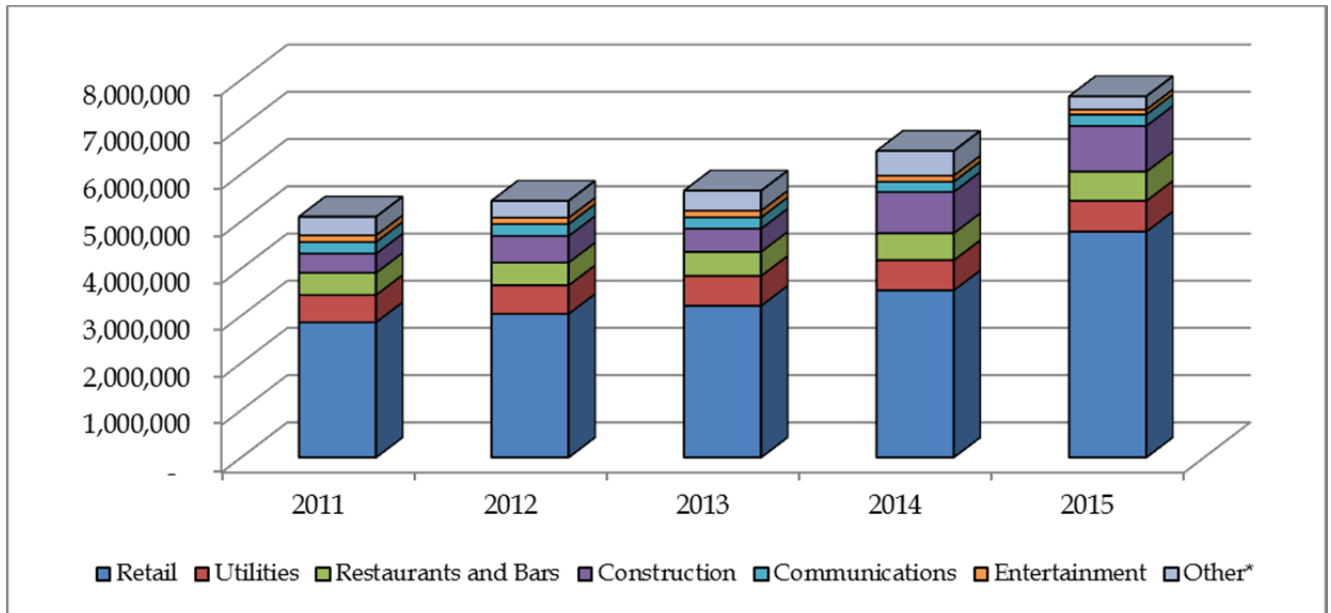
This report represents the transaction privilege/use tax revenues (sales tax) collected by the Town through the second quarter of fiscal year ending June 30, 2015. Total sales tax revenues are up by 17.83% compared to last fiscal year, 8.35% favorable to the current year budget and are up 50.04% compared to four years ago. Sales tax collections are showing a positive trend in many areas including retail, construction, and restaurants and bars. New businesses in the area and improvements to the local economy have led to improved sales tax collections for the Town.

Sales Tax Collections

| Category | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Retail | | | | | |
| Stores | \$ 1,345,838 | \$ 1,449,842 | \$ 1,549,148 | \$ 1,733,469 | \$ 2,484,025 |
| Grocery | 971,149 | 1,027,871 | 1,025,577 | 1,081,554 | 1,201,845 |
| Automotive | 484,147 | 481,382 | 557,541 | 642,964 | 787,180 |
| Other | 62,337 | 81,734 | 80,822 | 80,368 | 310,167 |
| Total Retail | 2,863,471 | 3,040,829 | 3,213,088 | 3,538,355 | 4,783,217 |
| Utilities | 579,455 | 606,587 | 633,195 | 639,690 | 651,836 |
| Restaurants and Bars | 466,474 | 479,971 | 509,563 | 570,089 | 617,058 |
| Construction | 408,088 | 563,039 | 490,259 | 875,197 | 968,854 |
| Communications | 245,533 | 252,278 | 238,200 | 217,314 | 242,187 |
| Entertainment | 142,385 | 134,886 | 143,934 | 129,013 | 105,706 |
| Other* | 391,121 | 355,111 | 419,830 | 519,927 | 277,774 |
| Total | \$ 5,096,527 | \$ 5,432,701 | \$ 5,648,069 | \$ 6,489,585 | \$ 7,646,632 |

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

Sales Tax Collections



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

**Town of Prescott Valley
Transaction Privilege/Use Tax Revenues
December 31, 2014**

Retail - Stores encompass a variety of businesses including big box stores (e.g., Home Depot, Wal-Mart, and Sam's Club), department stores (e.g., Kohl's), hardware (e.g., Ace Hardware), painting, furniture and service businesses that sell retail items. Retail stores tax collections are favorable to prior year by 43.30% or \$750,556 and 84.57% or \$1,138,187 compared to four years ago. New businesses and an improved economy have led the retail stores category to increase each year over the last five years.

Retail - Grocery includes large food chains, small mom and pop stores and convenience stores. An increase of 11.12% or \$120,291 was seen over last year and an increase of 23.75% or \$230,696 compared to four years ago.

Retail - Automotive includes auto dealerships, automotive repair shops, tire stores and retail stores that sell automotive parts and accessories. An increase of 22.43% or \$144,216 was seen over last year and an increase of 62.59% or \$303,033 compared to four years ago. New businesses in this category and an improved economy have led to the increase.

Utilities category contains tax collected on the sale of electricity, natural gas, water and sewer service. Collections are up by 1.90% or \$12,146 compared to last year and up by 12.49% or \$72,381 compared to four years ago. The increase compared to four years ago is a result of various utility rate increases.

Restaurants and Bars include fast food chains, restaurants and bars. This category is favorable to last fiscal year by 8.24% or \$46,969 and favorable to four years ago by 32.28% or \$150,584. This favorability is mainly due to a slowly improving economy 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 10.70% or \$93,657 and are favorable to four years ago by 137.41% or \$560,766. These tax revenues have increased over the past two years due to the housing market showing significant signs of recovery. Permit activity in residential developments are increasing as well as commercial projects.

Communications include cell phone service providers, long distance providers, etc. This category is favorable to last year by 11.45% or \$24,873 and unfavorable to four years ago by 1.36% or \$3,346.

Sales Tax within Designated Boundaries

| Designated Boundary | 2011 | 2012 | 2013 | 2014 | 2015 |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Secondary Credit Support Area | \$ 466,663 | \$ 504,464 | \$ 532,329 | \$ 541,640 | \$ 613,744 |
| Entertainment District/ Area | 352,728 | 382,359 | 389,157 | 349,403 | 325,866 |
| Crossroads | ** | ** | 800,625 | 904,716 | 1,189,012 |
| Other* | 871,109 | 890,465 | 216,749 | 250,049 | 939,375 |
| Total | \$ 1,690,500 | \$ 1,777,288 | \$ 1,938,860 | \$ 2,045,808 | \$ 3,067,997 |

*Crossroads, Eastridge, Glassford Hill Marketplace, 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 first two quarters of 2011, tax revenue from the businesses within designated boundaries represented 33.17% of overall tax revenues collected. In the first two quarters of 2015, tax revenues collected in designated boundaries represents 40.12% of overall tax revenues collected. This increase is primarily due to the increased number of retail businesses which have located within the designated boundary areas.

**Town of Prescott Valley
Transaction Privilege/Use Tax Revenues
December 31, 2014**

Sales Tax within Designated Boundaries by Category

| Category | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Retail | \$ 1,143,477 | \$ 1,113,148 | \$ 1,309,031 | \$ 1,447,350 | \$ 2,458,422 |
| Restaurants and Bars | 203,127 | 221,533 | 243,274 | 277,577 | 270,623 |
| Construction | ** | ** | ** | 50,265 | 57,589 |
| Other* | 343,896 | 442,607 | 386,555 | 270,616 | 281,363 |
| Total | \$ 1,690,500 | \$ 1,777,288 | \$ 1,938,860 | \$ 2,045,808 | \$ 3,067,997 |

* Commercial Lease, Communications, Construction, 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 51.40% of total retail and restaurants and bars represents 43.86% 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 for each fiscal year are represented by the line graph on the chart. For the current fiscal year, total sales tax collections are the amount budgeted for the fiscal year.

Sales Tax Collections by Quarter

