

Town of Prescott Valley
Arizona

Quarterly Sales Tax Report



To The Town Council

Presented on May 28, 2015

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

The Quarter Ended March 31, 2015

Prepared by the Town of Prescott Valley Management Services Department

**Town of Prescott Valley
Transaction Privilege/Use Tax Revenues
March 31, 2015**

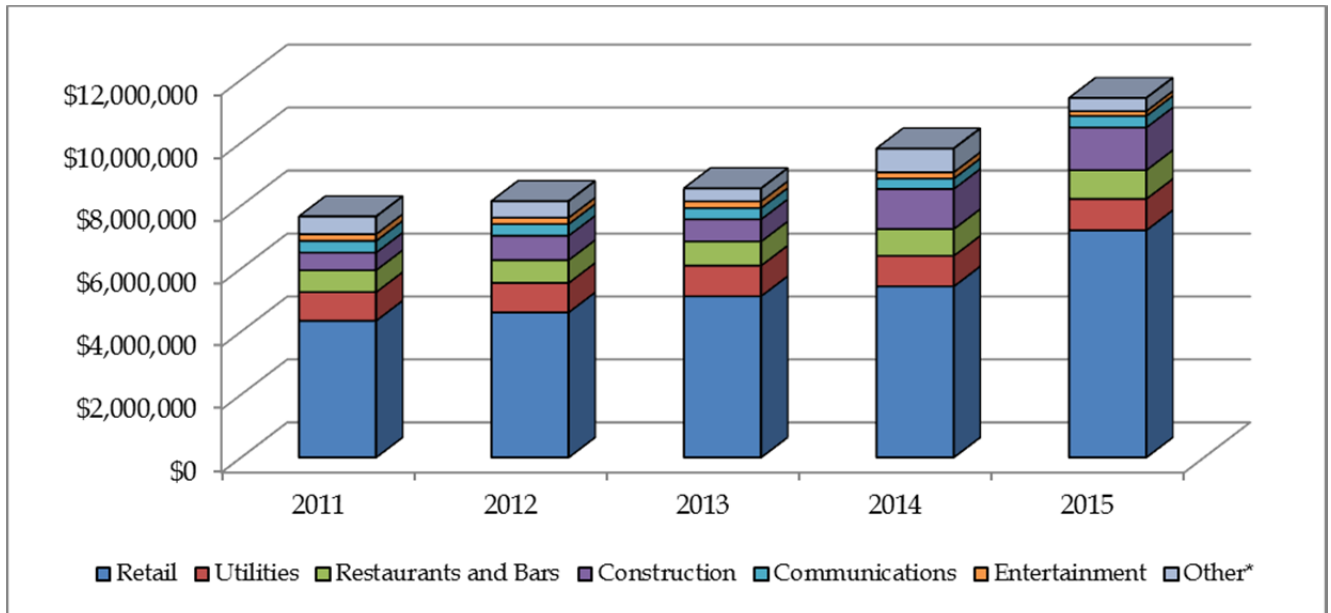
This report represents the transaction privilege/use tax revenues (sales tax) collected by the Town through the third quarter of fiscal year ending June 30, 2015. Total sales tax revenues are up by 16.36% compared to last fiscal year, 8.35% favorable to the current year budget and are up 49.18% compared 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 | \$ 2,020,914 | \$ 2,164,087 | \$ 2,350,336 | \$ 2,691,831 | \$ 3,813,203 |
| Grocery | 1,538,375 | 1,618,903 | 1,637,906 | 1,632,859 | 1,838,873 |
| Automotive | 683,121 | 708,591 | 809,724 | 961,164 | 1,131,566 |
| Other | 100,872 | 117,205 | 325,987 | 148,877 | 433,891 |
| Total Retail | 4,343,282 | 4,608,786 | 5,123,953 | 5,434,731 | 7,217,533 |
| Utilities | 908,244 | 935,238 | 972,168 | 970,662 | 994,709 |
| Restaurants and Bars | 697,650 | 725,234 | 765,767 | 849,432 | 912,446 |
| Construction | 557,917 | 774,009 | 704,366 | 1,275,107 | 1,356,323 |
| Communications | 371,396 | 368,325 | 357,874 | 329,588 | 365,936 |
| Entertainment | 215,276 | 207,211 | 215,439 | 200,718 | 155,347 |
| Other* | 560,995 | 523,050 | 410,508 | 753,867 | 417,457 |
| Total | \$ 7,654,760 | \$ 8,141,853 | \$ 8,550,075 | \$ 9,814,105 | \$ 11,419,751 |

*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

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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 41.66% or \$1,121,372 and 88.69% or \$1,792,289 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 12.62% or \$206,014 was seen over last year and an increase of 19.53% or \$300,498 compared to four years ago. New businesses and an improved economy have led to this increase.

Retail – Automotive includes auto dealerships, automotive repair shops, tire stores and retail stores that sell automotive parts and accessories. An increase of 17.73% or \$170,402 was seen over last year and an increase of 65.65% or \$448,445 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 2.48% or \$24,047 compared to last year and up by 9.52% or \$86,465 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 7.42% or \$63,014 and favorable to four years ago by 30.79% or \$214,796. 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 6.37% or \$81,216 and are favorable to four years ago by 143.10% or \$798,406. 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 11.03% or \$36,348 and unfavorable to four years ago by 1.47% or \$5,460.

Sales Tax within Designated Boundaries

| Designated Boundary | 2011 | 2012 | 2013 | 2014 | 2015 |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Crossroads | ** | ** | \$ 1,201,176 | \$ 1,356,563 | \$ 1,767,154 |
| Glassford Hill | ** | ** | ** | ** | 1,329,145 |
| Secondary Credit Support Area | 687,517 | 734,548 | 767,244 | 820,581 | 876,313 |
| Entertainment District/ Area | 540,132 | 573,181 | 579,307 | 504,570 | 485,181 |
| Other* | 1,323,001 | 1,344,394 | 353,875 | 505,619 | 104,566 |
| Total | \$ 2,550,650 | \$ 2,652,123 | \$ 2,901,602 | \$ 3,187,333 | \$ 4,562,359 |

*Eastridge, 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 three quarters of 2011, tax revenue from the businesses within designated boundaries represented 33.32% of overall tax revenues collected. In the first three quarters of 2015, tax revenues collected in designated boundaries represents 39.95% 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.

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Sales Tax within Designated Boundaries by Category

| Category | 2010 | 2011 | 2012 | 2013 | 2015 |
|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Construction | ** | ** | ** | \$ 80,605 | \$ 78,176 |
| Retail | 1,707,182 | 1,773,622 | 1,958,090 | 2,279,306 | 3,529,776 |
| Restaurants and Bars | 316,125 | 343,865 | 368,210 | 417,227 | 402,482 |
| Other* | 527,343 | 534,636 | 575,302 | 410,195 | 551,926 |
| Total | \$ 2,550,650 | \$ 2,652,123 | \$ 2,901,602 | \$ 3,187,333 | \$ 4,562,359 |

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

For the current fiscal year, construction within the designated boundaries represent 5.76% of total construction, retail represents 48.91% of total retail, and restaurants and bars represents 44.11% 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

