

Town of Prescott Valley
Arizona

Quarterly Sales Tax Report



To The Town Council

Presented on November 16, 2017

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

The Quarter Ended September 30, 2017

Prepared by the Town of Prescott Valley Management Services Department

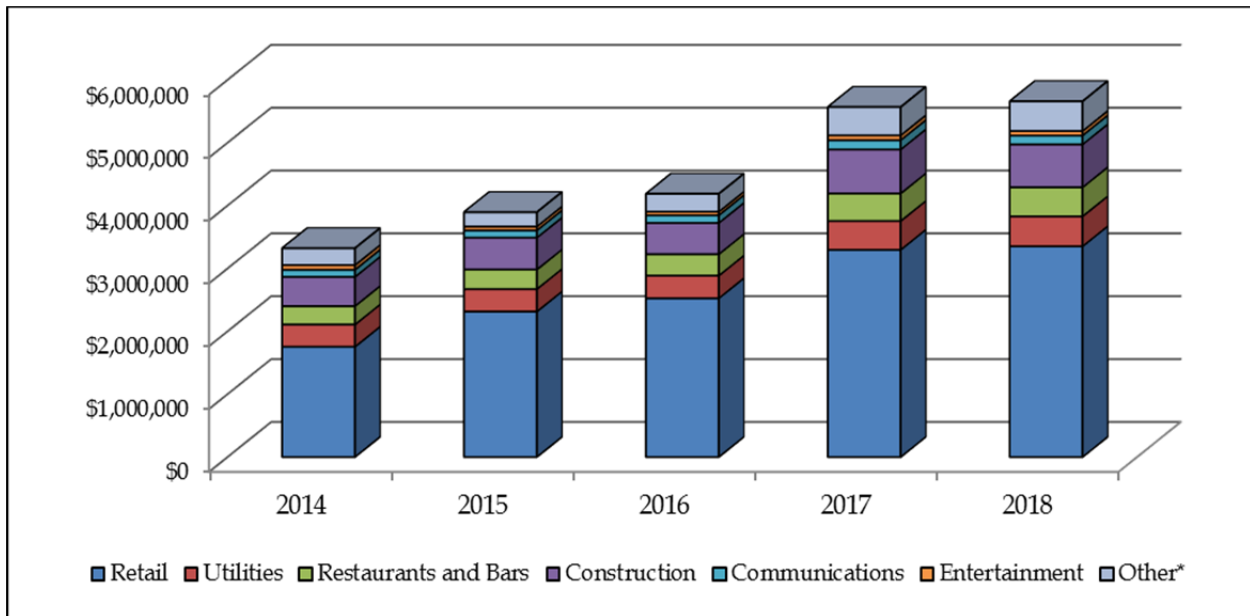
**Town of Prescott Valley
Transaction Privilege/Use Tax Revenues
September 30, 2017**

This report represents the transaction privilege/use tax revenues (sales tax) collected by the Town through the first quarter of fiscal year ending June 30, 2018. Total sales tax revenues are up by 1.64% compared to last fiscal year, 70.38% 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 for the first quarter of 2018 as well as the first quarter for the four preceding years.

Sales Tax Collections

Category	2014	2015	2016	2017	2018
Retail					
Stores	\$ 855,076	\$ 1,220,912	\$ 1,379,691	\$ 1,914,032	\$ 2,044,465
Grocery	540,034	637,817	591,761	741,545	703,119
Automotive	316,093	406,439	484,816	581,268	535,348
Other	42,628	48,687	68,890	59,540	68,637
Total Retail	1,753,831	2,313,855	2,525,158	3,296,385	3,351,569
Utilities	352,994	357,706	359,798	457,454	477,143
Restaurants and Bars	293,502	310,081	340,931	438,272	461,218
Construction	465,616	507,387	496,946	700,003	683,294
Communications	112,651	115,960	123,230	147,609	141,544
Entertainment	74,610	61,463	55,262	77,568	71,495
Other*	268,187	228,500	285,522	450,768	472,843
Total	\$ 3,321,391	\$ 3,894,952	\$ 4,186,847	\$ 5,568,059	\$ 5,659,106

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 6.81% or \$130,432 and 139.10% or \$1,189,389 compared to four years ago. New businesses within this category contribute to the rise.

Retail - Grocery includes large food chains, small mom and pop stores and convenience stores. A decrease of 5.18% or \$38,427 was seen over last year and an increase of 30.20% or \$163,085 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 7.90% or \$45,920 was seen over last year and an increase of 69.36% or \$219,255 compared to four years ago. The decrease in the first quarter of the fiscal year was 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 4.30% or \$19,690 compared to last year and are up by 35.17% or \$124,149 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 5.24% or \$22,946, and is favorable to four years ago by 57.14% or \$167,717. 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 slightly down when compared to last year by 2.39% or \$16,709 and up by 46.75% or \$217,677 compared to four years ago. The expectation is this category will trend favorably as construction projects are completed during this fiscal year.

Sales Tax Within Designated Boundaries

Designated Boundary	2014	2015	2016	2017	2018
Crossroads	\$ 436,391	\$ 575,363	\$ 624,239	\$ 884,676	\$ 940,331
Glassford Hill	**	426,143	465,390	626,696	675,027
Secondary Credit Support Area	288,342	315,238	356,094	491,188	526,838
Entertainment District/ Area	180,467	173,444	181,078	221,639	230,440
Other*	115,769	38,457	14,546	21,766	20,442
Total	\$ 1,020,969	\$ 1,528,645	\$ 1,641,347	\$ 2,245,965	\$ 2,393,078

*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 quarter of 2014, tax revenue from the businesses within designated boundaries represented 30.74% of overall tax revenues collected. In the first quarter of 2018 tax revenues collected in designated boundaries represents 42.29% of overall tax revenues collected.

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Transaction Privilege Tax Within Designated Boundaries by Category

Category	2014	2015	2016	2017	2018
Construction	**	\$ 31,750	\$ 34,450	\$ 49,443	\$ 57,345
Retail	716,214	1,095,082	1,297,401	1,826,055	1,958,782
Restaurants and Bars	142,057	135,836	156,200	190,603	205,818
Other*	162,698	265,977	153,296	179,864	171,133
Total	\$ 1,020,969	\$ 1,528,645	\$ 1,641,347	\$ 2,245,965	\$ 2,393,078

*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 58.44% of total retail tax revenue. Construction within the designated boundaries represents 8.39% of the total tax revenue for construction. Restaurants and bars represent 44.62% 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

