

Town of Prescott Valley Arizona

Quarterly Sales Tax Report



To The Town Council

Presented on May 24, 2018

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

The Quarter Ended March 31, 2018

Prepared by the Town of Prescott Valley Management Services Department

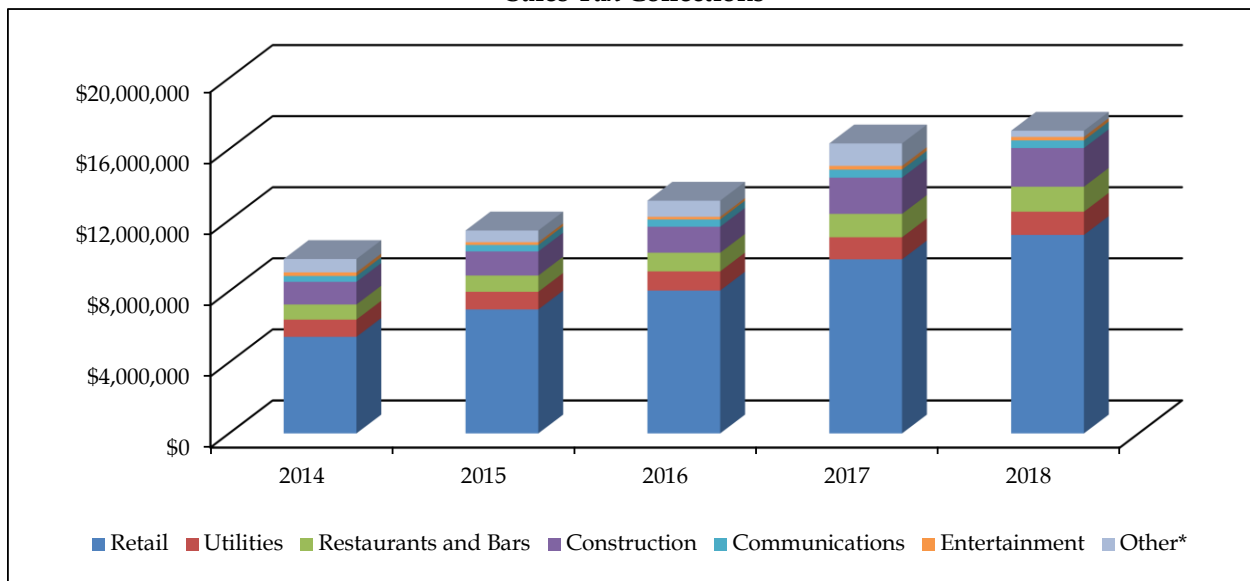
**Town of Prescott Valley
Transaction Privilege/Use Tax Revenues
March 31, 2018**

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, 2018. Total sales tax revenues are up by 4.39% compared to last fiscal year and 73.58% compared to four years ago. 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. While state and local economies have stabilized over the past several years, the recent closure of a major retailer will have a negative effect on TPT collections for next quarter as well as into the next fiscal year. The following graphs represent performance through the third quarter of 2018 as well as in the preceding four years.

Sales Tax Collections

Category	2014	2015	2016	2017	2018
Retail					
Stores	\$ 2,691,831	\$ 3,813,203	\$ 4,588,327	\$ 5,809,374	\$ 6,199,171
Grocery	1,632,859	1,838,873	1,903,050	2,226,052	2,263,297
Automotive	961,164	1,131,566	1,401,944	1,555,692	1,438,841
Other	148,877	192,474	148,185	204,336	1,269,025
Total Retail	5,434,731	6,976,116	8,041,506	9,795,454	11,170,334
Utilities	970,662	994,709	1,076,804	1,242,168	1,308,352
Restaurants and Bars	849,432	912,446	1,050,303	1,317,753	1,403,600
Construction	1,275,107	1,356,323	1,461,894	2,038,772	2,176,780
Communications	329,588	365,936	409,587	451,630	432,210
Entertainment	200,718	155,347	148,546	208,333	193,965
Other*	753,867	658,875	908,716	1,264,377	349,890
Total	\$ 9,814,105	\$ 11,419,752	\$ 13,097,356	\$ 16,318,487	\$ 17,035,131

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), 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 6.71% or \$389,797 and 130.30% or \$3,507,340 compared to four years ago. New businesses within this category have contributed to the rise, however, fourth quarter tax collections will likely decline due to the recent closure of a major retailer.

Retail - Grocery includes large food chains, small mom and pop stores and convenience stores. An increase of 1.67% or \$37,246 was seen over last year and an increase of 38.61% or \$630,438 compared to four years ago.

Retail - Automotive includes auto dealerships, automotive repair shops, tire stores and retail stores that sell automotive parts and accessories. A decrease of 7.51% or \$116,852 was seen over last year and an increase of 49.70% or \$477,677 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 5.33% or \$66,183 compared to last year and are up by 34.79% or \$337,690 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 6.51% or \$85,847 and is favorable to four years ago by 65.24% or \$554,168. 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 6.77% or \$138,007 and up by 70.71% or \$901,673 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	\$ 1,356,563	\$ 1,767,158	\$ 2,006,703	\$ 2,716,597	\$ 2,856,631
Glassford Hill	**	1,329,145	1,341,388	1,991,244	2,085,286
Secondary Credit Support Area	820,581	876,313	1,093,988	1,360,159	1,482,189
Entertainment District/ Area	504,570	485,142	529,790	644,480	645,569
Other*	505,619	104,606	42,407	108,737	113,809
Total	\$ 3,187,333	\$ 4,562,364	\$ 5,014,276	\$ 6,821,217	\$ 7,183,484

*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 third quarter of 2014, tax revenue from the businesses within designated boundaries represented 32.48% of overall tax revenues collected. Through the third quarter of 2018, tax revenues collected in designated boundaries represents 42.17% of overall tax revenues collected.

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Transaction Privilege Tax Within Designated Boundaries by Category

Category	2014	2015	2016	2017	2018
Construction	\$ 80,605	\$ 78,176	\$ 113,065	\$ 121,507	\$ 164,361
Retail	2,279,306	3,529,781	4,158,111	5,536,445	5,879,793
Restaurants and Bars	417,227	402,482	482,007	587,520	659,917
Other*	410,195	551,925	261,093	575,745	479,413
Total	\$ 3,187,333	\$ 4,562,364	\$ 5,014,276	\$ 6,821,217	\$ 7,183,484

*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 52.64% of total tax revenue. Construction within the designated boundaries represents 7.55% of the total tax revenue. Restaurants and bars represent 47.02% 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

