SURPRISE
ARIZONA

SALES, USE and BED TAX REPORT

As of August 31, 2010

This report discusses the performance of the City's 2.2% Sales and Use tax used to fund general expenses such as Police and Fire; the 1.5% Dedicated Transportation Sales tax used to fund transportation projects; and the 2.52% Bed Tax used to fund tourism related activities.

Issued: November 10, 2010

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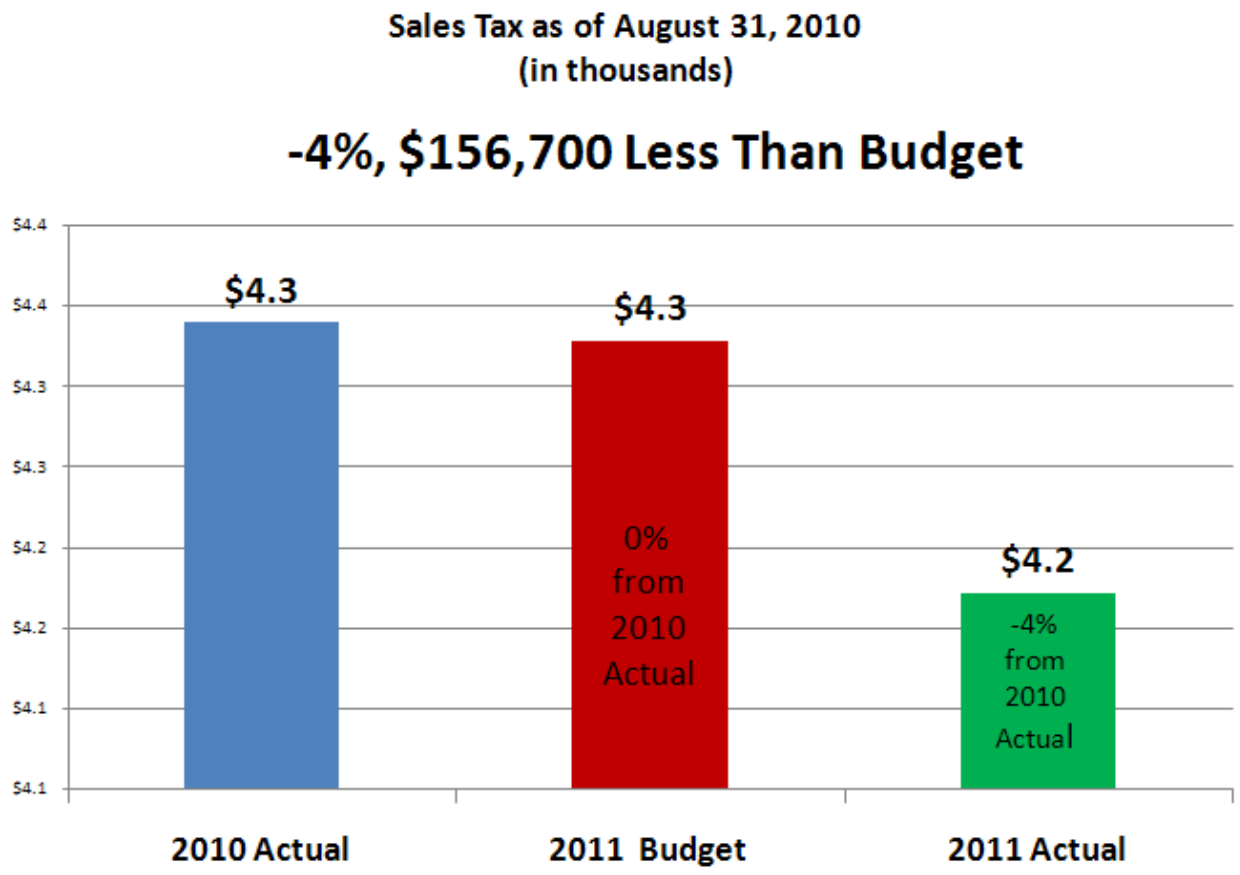
2.2% Sales and Use Tax for August 2010

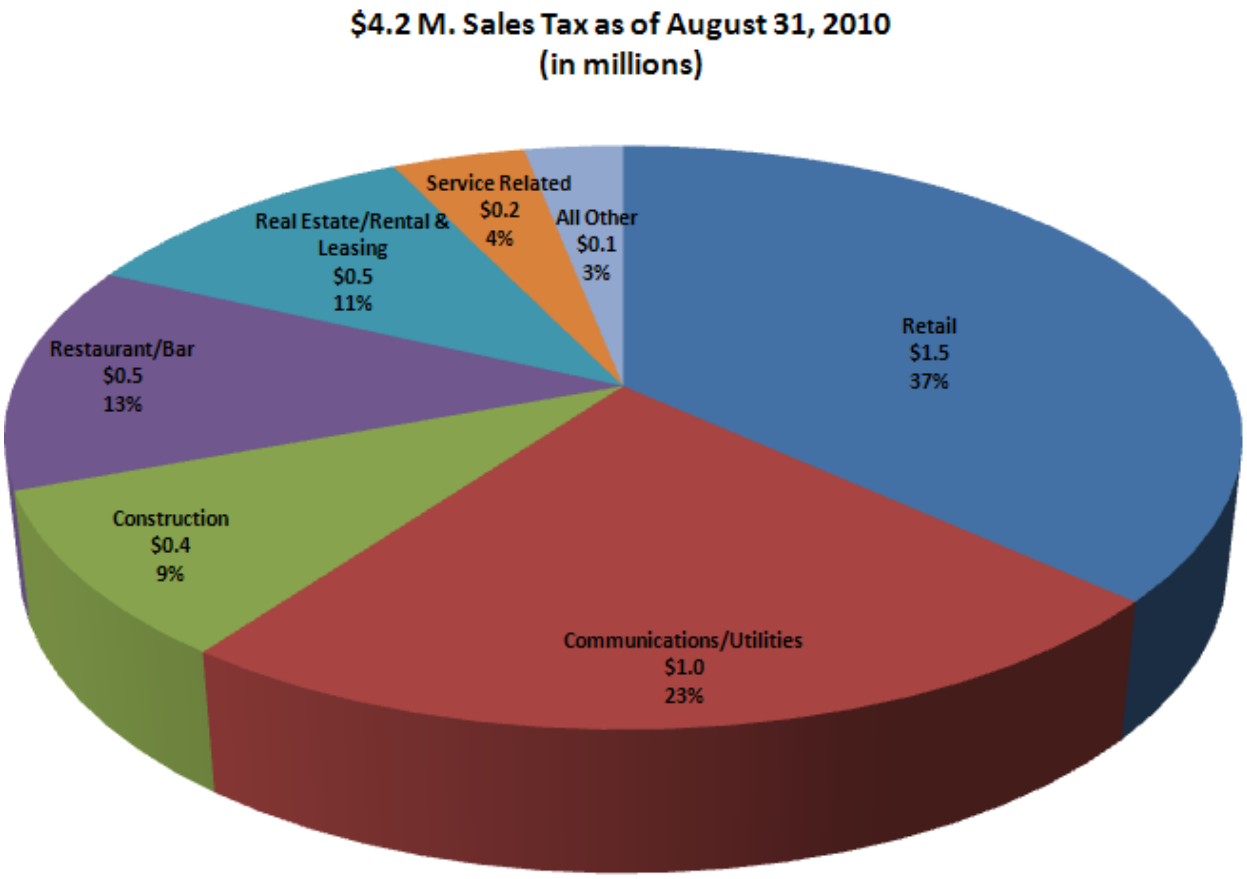
This report contains information regarding sales and use tax collections for August 2010.

Privilege (Sales) & Use Tax (in Millions)	August-10	Fiscal Year to Date
Budget	$2.11	$4.33
Actual	$2.01	$4.17
Favorable (Unfavorable) Variance ($)	-$0.06	-$0.16
Favorable (Unfavorable) Variance (%)	-3%	-4%



Privilege (Sales) and Use Tax

The report shows the August monthly privilege and use tax collection was 3 percent less than budget. The report shows a fiscal year privilege and use tax collection decrease of 4 percent compared to the same period a year ago, forecasted to be same amount; resulting in a unfavorable variance of 4%, or about ($156,700).



Privilege (Sales) & Use Tax by Category

Fiscal Year to Date as of August 2010

Category	2009 Actual	2010 Actual	2011 Actual	2011 Budget	$ Variance	% Variance
Big Box / Automobiles	$749,767	$936,466	$943,913	$1,016,950	($73,037)	-7%
All Other Retail	$567,947	$577,006	$588,844	$523,489	$65,354	12%
Subtotal - Retail	$1,317,714	$1,513,471	$1,532,756	$1,540,439	($7,683)	0%
Communications/Utilities	$913,208	$953,658	$973,220	$1,093,996	($120,777)	-11%
Construction	$956,080	$667,275	$387,250	$416,500	($29,250)	-7%
Restaurant/Bar	$508,837	$529,891	$525,738	$532,674	($6,936)	-1%
Real Estate/Rental & Leasing	$389,419	$403,518	$453,018	$365,948	$87,070	24%
Service Related	$275,906	$197,709	$172,375	$209,826	($37,451)	-18%
Arts/Entertainment	$72,531	$53,771	$43,616	$56,328	($12,711)	-23%
Hotel/Motel	$18,585	$21,041	$31,507	$21,514	$9,992	46%
Auditing	$0	$0	$8,803	$50,000	($41,197)	-82%
Use Tax	$0	$0	$43,843	$41,600	$2,243	5%
Subtotal-All Other	$91,116	$74,812	$127,770	$169,442	($41,673)	-25%
Total	$4,452,280	$4,340,334	$4,172,127	$4,328,826	($156,699)	-4%
Change from 2009		-3%				
Change from 2010			-4%	0%		
Change from 2009 (excluding construction)		5%				
Change from 2010 (excluding construction)			3%	7%		

Fiscal Year Ending 2011

Category	2009 Actual	2010 Actual	2011 Adopted Budget	2011 Budget Adjustments	2011 Revised Budget
Retail - Big Box/Auto	$6,047,036	$6,810,902	$7,450,000	-	$7,450,000
All Other Retail	$3,788,929	$4,075,808	$3,750,000	-	$3,750,000
Subtotal - Retail	$9,835,965	$10,886,710	$11,200,000	-	$11,200,000
Communications/Utilities	$4,257,996	$4,706,978	$5,400,000	-	$5,400,000
Construction	$5,318,360	$2,596,472	$2,500,000	-	$2,500,000
Restaurant/Bar	$3,531,500	$3,704,296	$3,750,000	-	$3,750,000
Real Estate/Rental & Leasing	$2,630,536	$2,618,870	$2,250,000	-	$2,250,000
Service Related	$1,715,225	$1,279,831	$1,325,000	-	$1,325,000
Arts/Entertainment	$491,625	$477,296	$500,000	-	$500,000
Hotel/Motel	$322,689	$359,439	$375,000	-	$375,000
Auditing	$693,207	$388,821	$300,000	-	$300,000
Use Tax	-	$180,982	$250,000	-	$250,000
Subtotal - All Other	$1,507,521	$1,406,538	$1,425,000	-	$1,425,000
Total	$28,797,103	$27,199,695	$27,850,000	-	$27,850,000
Change from 2009		-6%			
Change from 2010			2%		2%
Change from 2009 (excluding construction)		5%			
Change from 2010 (excluding construction)			3%		3%

Retail – Big Box/Auto

Includes large department stores, warehouse clubs, supercenters, dealerships, automotive repairs and discount department stores.

Actual to Revised Budget Variance of ($73,037) or (7%): No specific activity caused this variance. Rather, it reflects the downturn in the economy, a reduction in consumer spending, lower priced goods as well as a shift in activity to the "All Other Retail" category discussed next.

All Other Retail

This category includes smaller retail stores, such as small clothing stores, home furnishing stores, jewelry stores, drug stores, and sporting goods store.

Actual to Revised Budget Variance of $65,354 or 12% : Collections were more than projected due to consumer spending at specialty stores such as automotive, convenience, tire, and sporting goods. As mentioned above, this may reflect a shift from the "Retail-Big Box/Auto" category above. For example, consumers may be spending at local automotive and tire stores instead of auto dealerships.

Communication/Utilities

This category includes businesses that provide telecommunications (landlines and cellular), electricity, gas, or water services.

Actual to Revised Budget Variance of ($120,777), or (11%): Consumers are reducing consumption, empty commerical and residential properties as well as the increase use of alternate energies.

Construction

The construction tax is collected on all construction activity; commercial and residential; new and re-models. It also includes landscaping, painting, flooring installation, siding, roofing, concrete, plumbing, heating, framing, drywall, infrastructure, masonry, finish carpentry, etc.

Actual to Revised Budget Variance of ($29,250) or (7%): Collections were below the budget amount due to less than expected amounts collected from road projects funded by federal stimulus monies.

Restaurant & Bar

The restaurant category includes restaurants, bars and caterers.

Actual to Revised Budget Variance of ($6,936) or (1%): Decrease is due to a couple of delinquent taxpayers, average $11,000.

Real Estate, Rental & Leasing

The rental category includes rentals of commercial and residential real property and personal property rentals (such as rentals of formal wear, DVD's, home health equipment, recreational goods, electronics, appliances etc).

Actual to Revised Budget Variance of $87,070 or 24%: Part of the positive variance is attributable to the payment of delinquent payments from prior months. In addition, an increase in residential rental taxpayers are reporting compared to a year ago.

Service Related

This category includes tax reported for wholesalers, services, transportation, finance etc.

Actual to Revised Budget Variance of ($37,451) or (18%): This is a catch all category taxpayers generally do not pay sales tax on a regular basis due to the majority of the business activity (e.g. services) not being taxable. This variance reflects the recessionary economy, consumers are spending less on service related that would be taxable ie beauty shops.

Arts & Entertainment

This tax includes businesses that operate or charge admission for exhibition, amusement, entertainment, golf courses or instruction, gym memberships and movie theatres.

Actual to Revised Budget Variance of ($12,711) or (23%): Decrease due to sales being down in golf courses & off track betting. In addition, one large taxpayer in this category did not report for August.

Hotel/Motel

Includes the tax for the activity of renting lodging space on a short-term basis and other activities provided at the hotel/motel.

Actual to Revised Budget Variance of $9,992 or 46% : Major/Minor league baseball players continue to occupy rooms at various hotels for local events. In addition, 4 taxpayers reported and paid multiple months.

Auditing

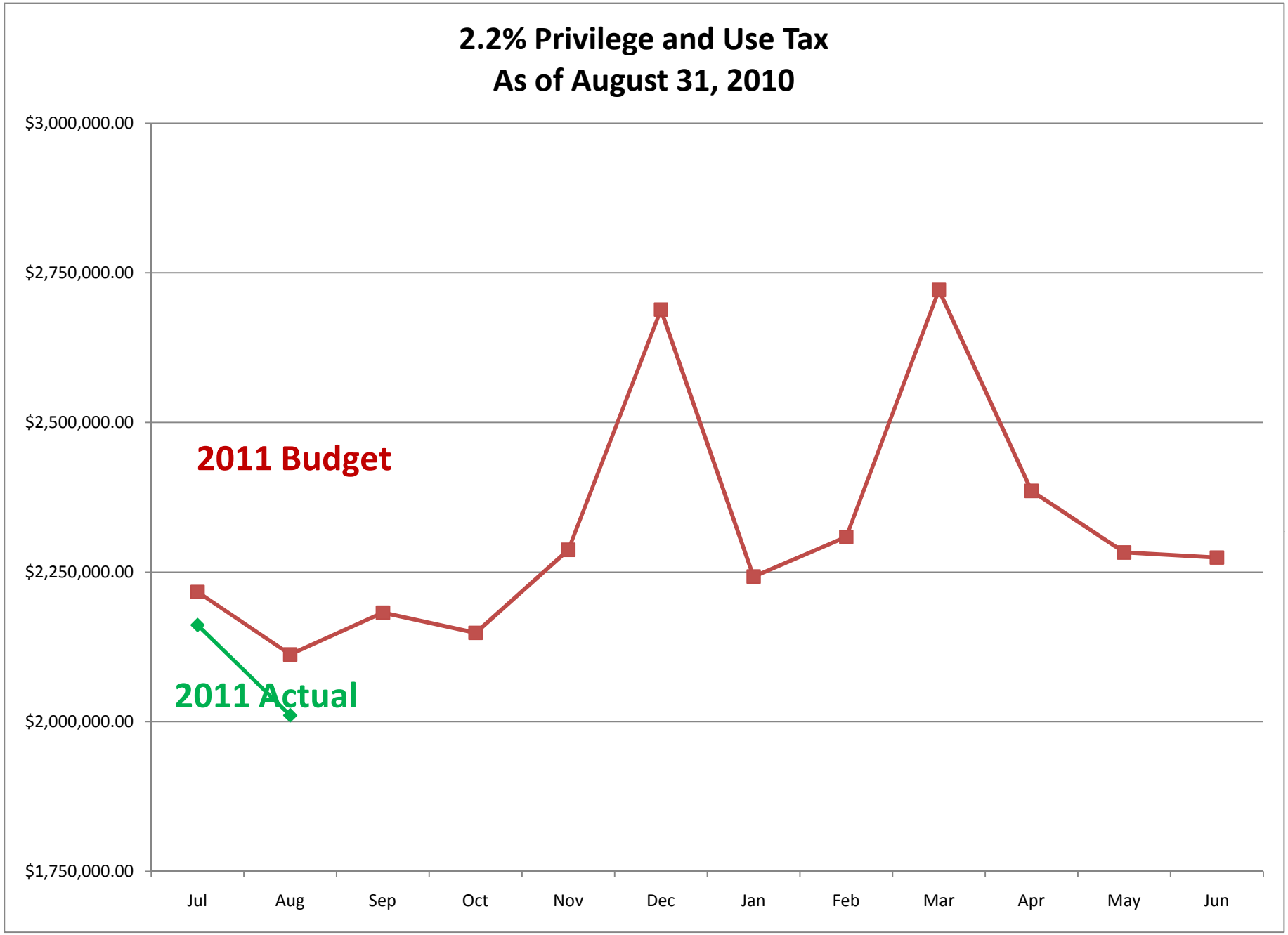
This includes auditing conducted by in house and contract auditors.

Actual to Revised Budget Variance of ($41,197) or (82%): Assessments have been issued but no payments received.

Use Tax

This includes tax on products that are used or stored in the City that sales tax was not paid when purchased.

Actual to Revised Budget Variance of $2,243 or 5%: Collections are within the budget amount.


2.2% Privilege and Use Tax
As of August 31, 2010
$3,000,000.00
$2,750,000.00
$2,500,000.00
$2,250,000.00
$2,000,000.00
$1,750,000.00
2011 Budget
2011 Actual
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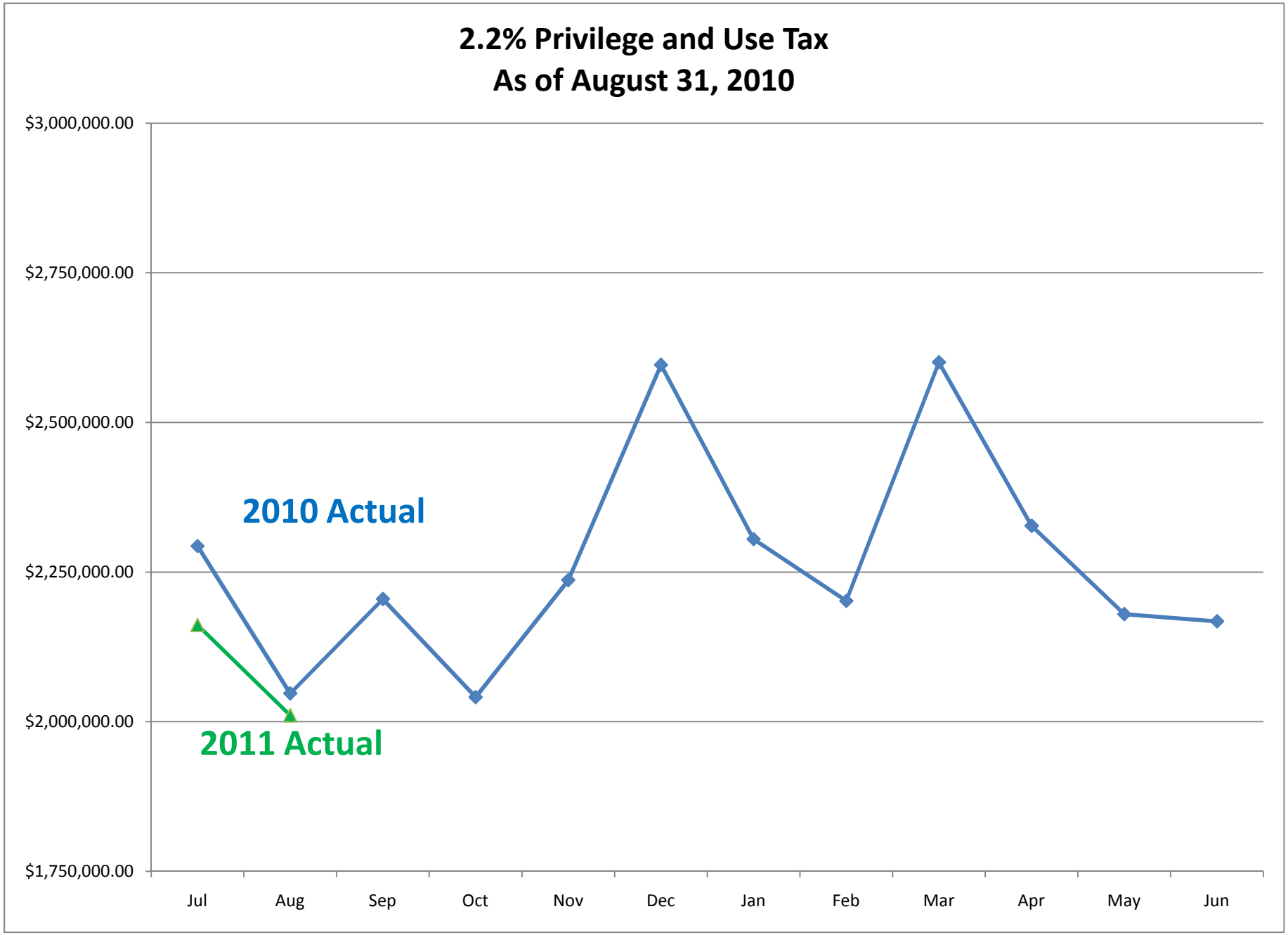
2.2% Privilege and Use Tax
As of August 31, 2010
$3,000,000.00
$2,750,000.00
$2,500,000.00
$2,250,000.00
$2,000,000.00
$1,750,000.00
2010 Actual
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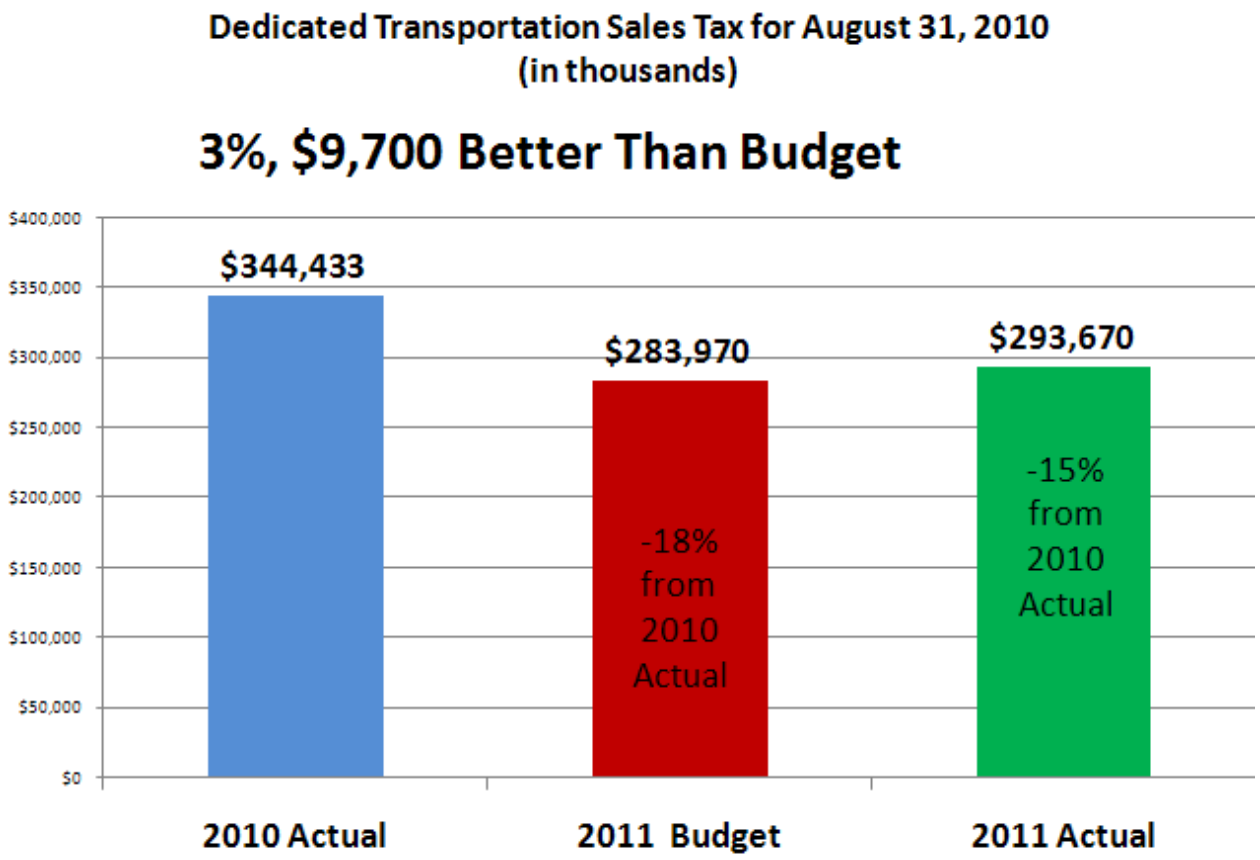
Dedicated 1.5 % Transportation Sales Tax for August 2010

Dedicated Transportation Sales Tax (In Thousand	August-10	Fiscal Year to Date
Budget	$141,985	$283,970
Actual	$118,613	$293,670
Favorable (Unfavorable) Variance ($)	($23,372)	$9,700
Favorable (Unfavorable) Variance (%)	-16%	3%



Fiscal Year to Date as of August 2010

Category	2009 Actual	2010 Actual	2011 Actual	2011 Budget	$ Variance	% Variance
Dedicated Transportation Sales Tax	$888,142	$344,433	$293,670	$283,970	$9,700	3%
Change from 2009		-61%				
Change from 2010			-15%	-18%		

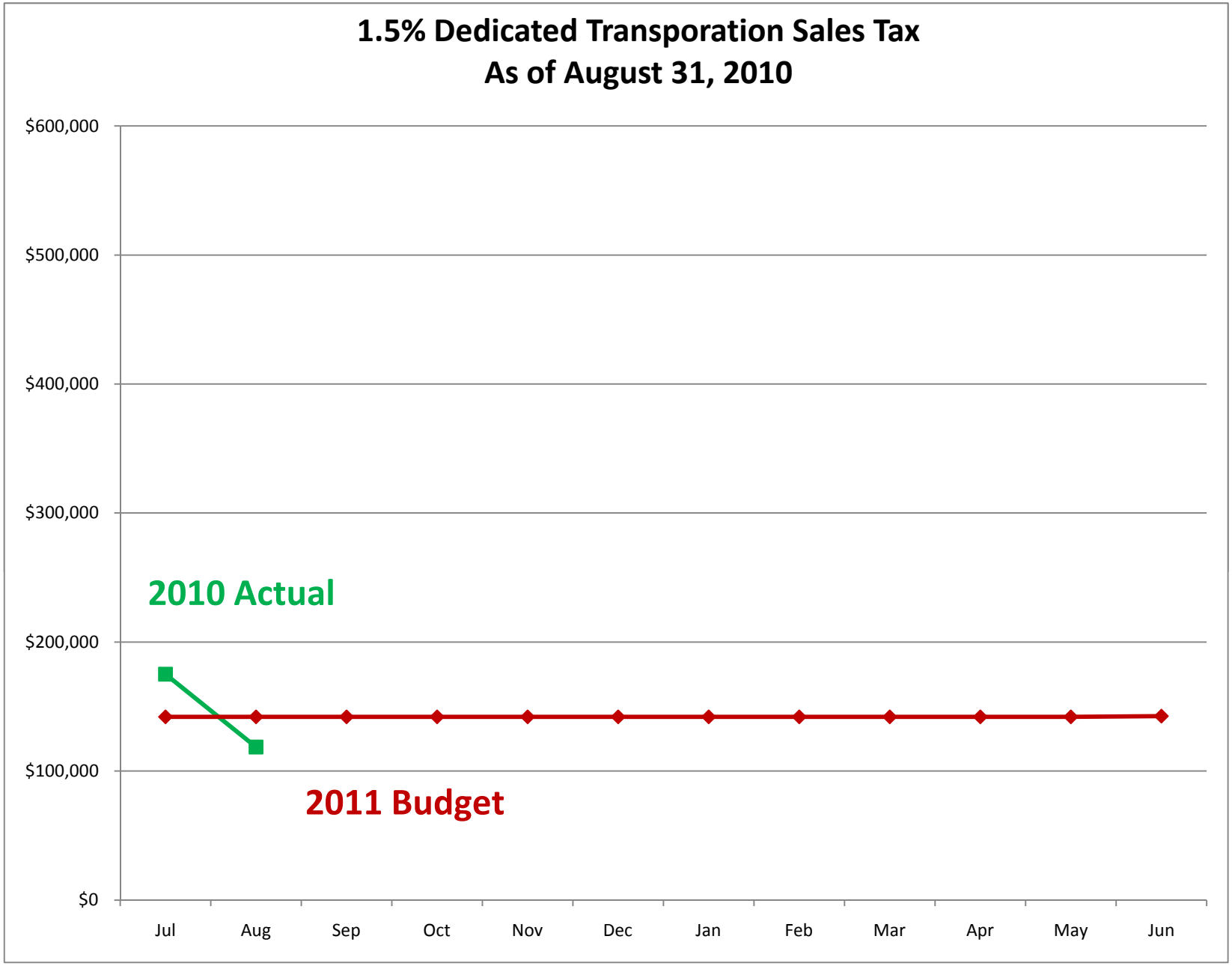
Fiscal Year Ending 2010

Category	2009 Actual	2010 Actual	2011 Adopted Budget	2011 Budget Adjustments	2010 Revised Budget
Dedicated Transportation Sales Tax	$4,358,905	$1,794,617	$1,704,500		$1,704,500
Change from 2009		-59%			
Change from 2010			-5%		-5%

1.5% Dedicated Transportation Sales Tax

This tax is dedicated for the improvement of existing roadways corridors and costs related to the construction of new roadways.

Actual to Revised Budget of $9,700 or 3%: Sales tax collections were above the projected budget amount due to road projects funded by federal stimulus monies and commercial projects.


1.5% Dedicated Transporation Sales Tax
As of August 31, 2010
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
$0
2010 Actual
2011 Budget
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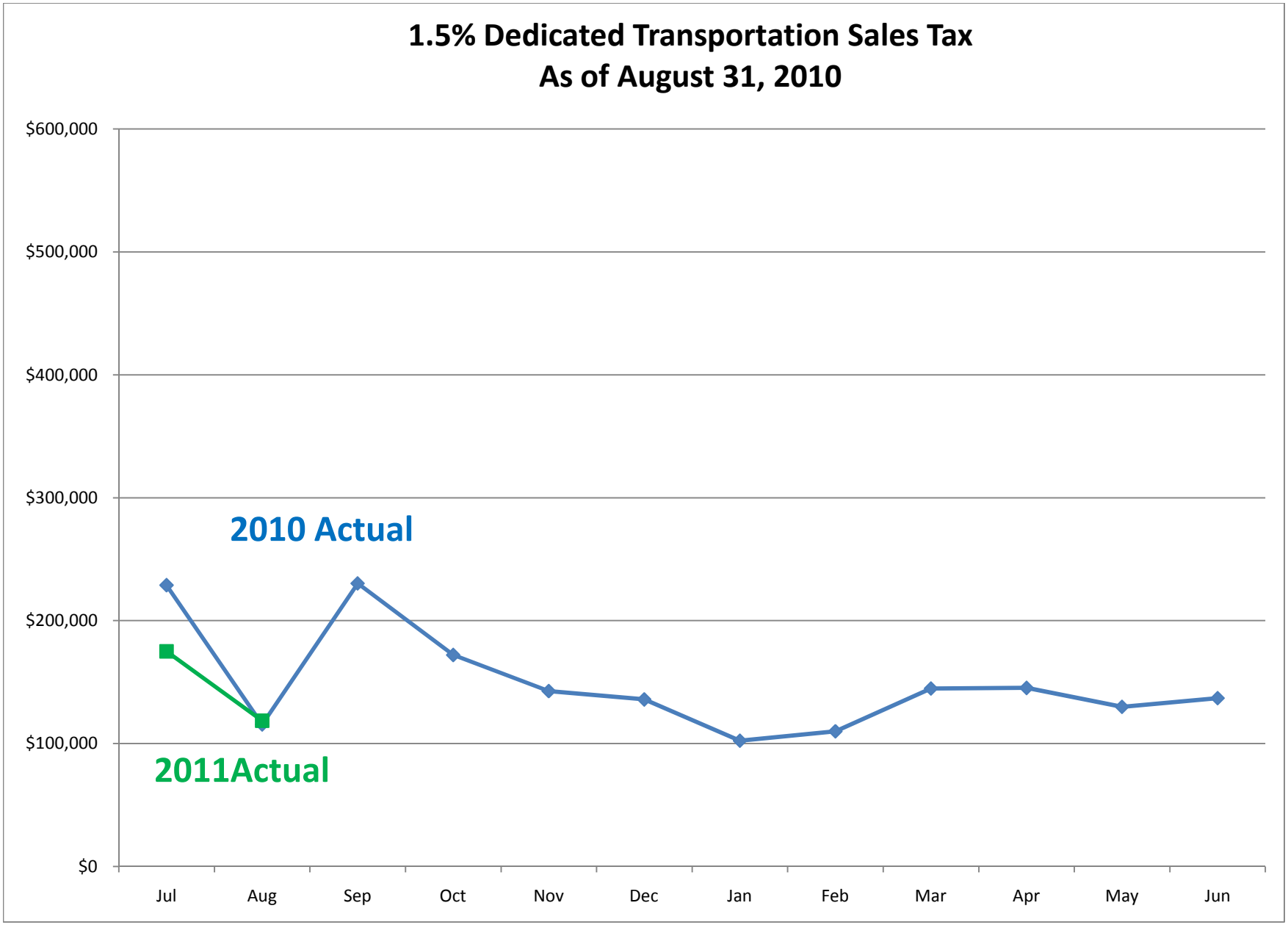
1.5% Dedicated Transportation Sales Tax
As of August 31, 2010
$600,000
$500,000
$400,000
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$200,000
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2010 Actual
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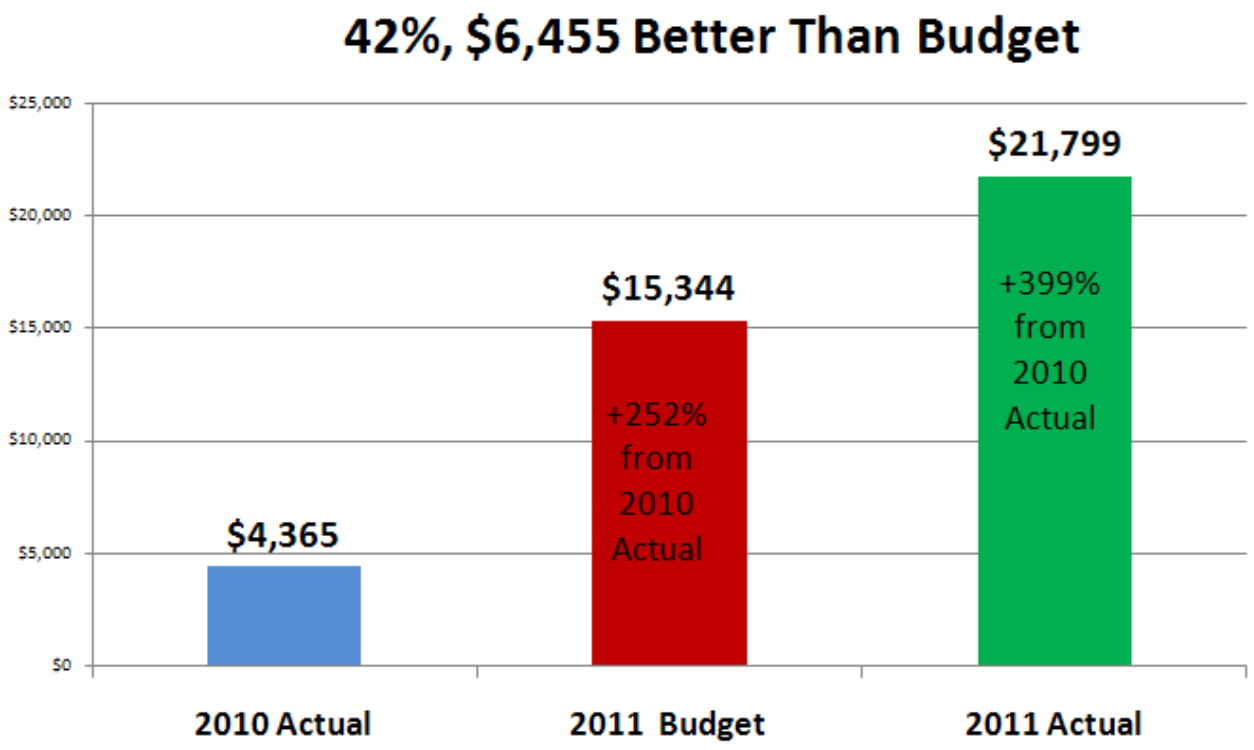
2.52% Bed Tax for August 2010

Bed Tax (In Thousands)	August-10	Fiscal Year to Date
Budget	$8,768	$15,344
Actual	$14,846	$21,799
Favorable (Unfavorable) Variance ($)	$6,078	$6,455
Favorable (Unfavorable) Variance (%)	69%	42%

Bed Tax as of August 31, 2010



Fiscal Year to Date as of August 30, 2010

Category	2009 Actual	2010 Actual	2011 Actual	2011 Budget	$ Variance	% Variance
Bed Tax	$7,508	$4,365	$21,799	$15,344	$6,455	42%
Change from 2009		-42%				
Change from 2010			399%	252%		

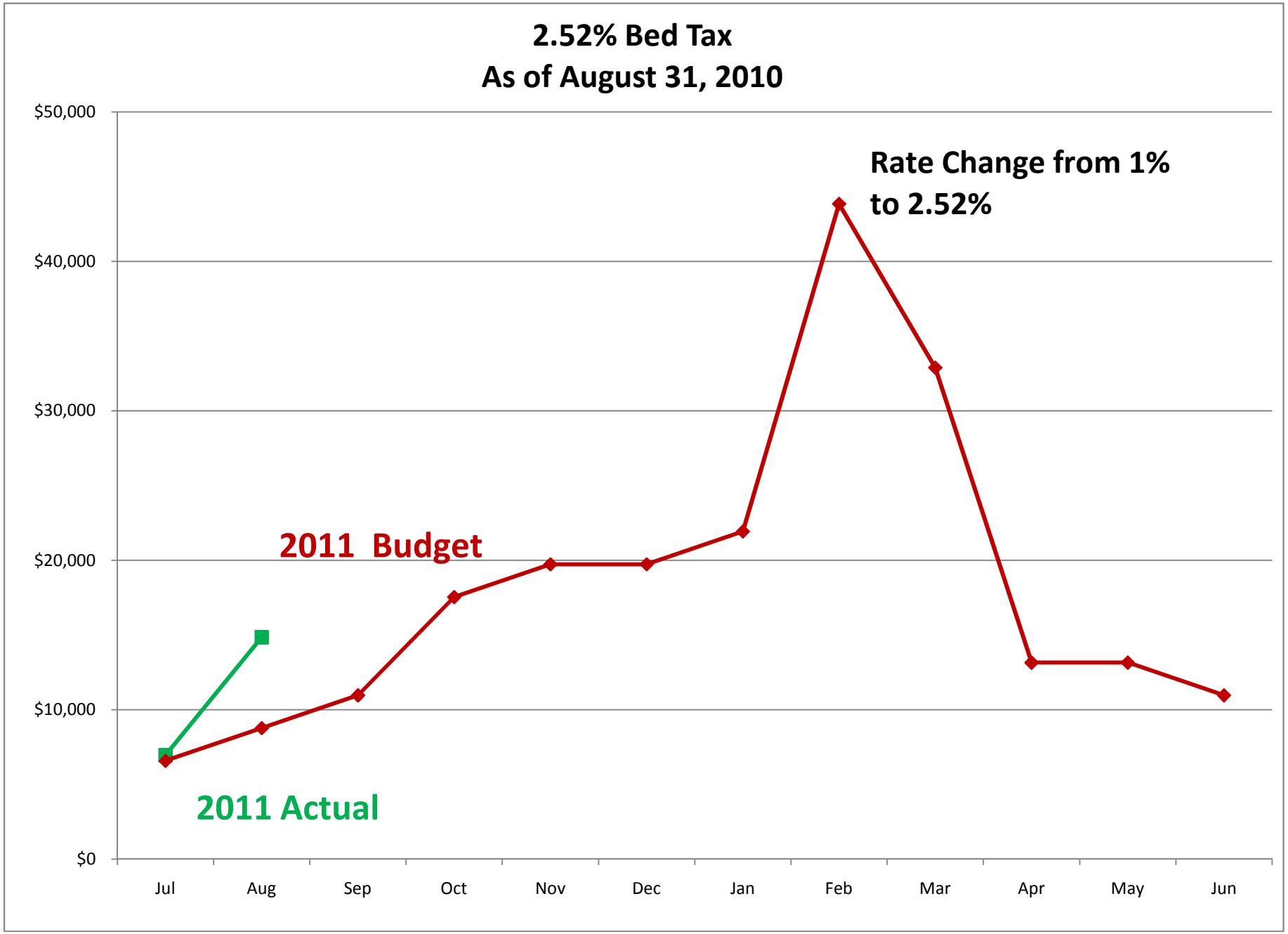
Fiscal Year Ending 2011

Category	2009 Actual	2010 Actual	2011 Adopted Budget	2011 Budget Adjustments	2011 Revised Budget
Bed Tax	$85,892	$147,275	$219,200	-	$219,200
Change from 2009		71%			
Change from 2010			49%		49%

2.52% Transient Lodging

This includes business activity of any hotel engaging in the business of charging for lodging and/or lodging space furnished to any transient for less than thirty consecutive days.

Actual to Revised Budget of $6,455 or 42%: Major/Minor league baseball players continue to occupy rooms at various hotels for local events. In addition, 4 taxpayers reported and paid multiple months.


2.52% Bed Tax
As of August 31, 2010
$50,000
$40,000
$30,000
$20,000
$10,000
$0
Rate Change from 1% to 2.52%
2011 Budget
2011 Actual
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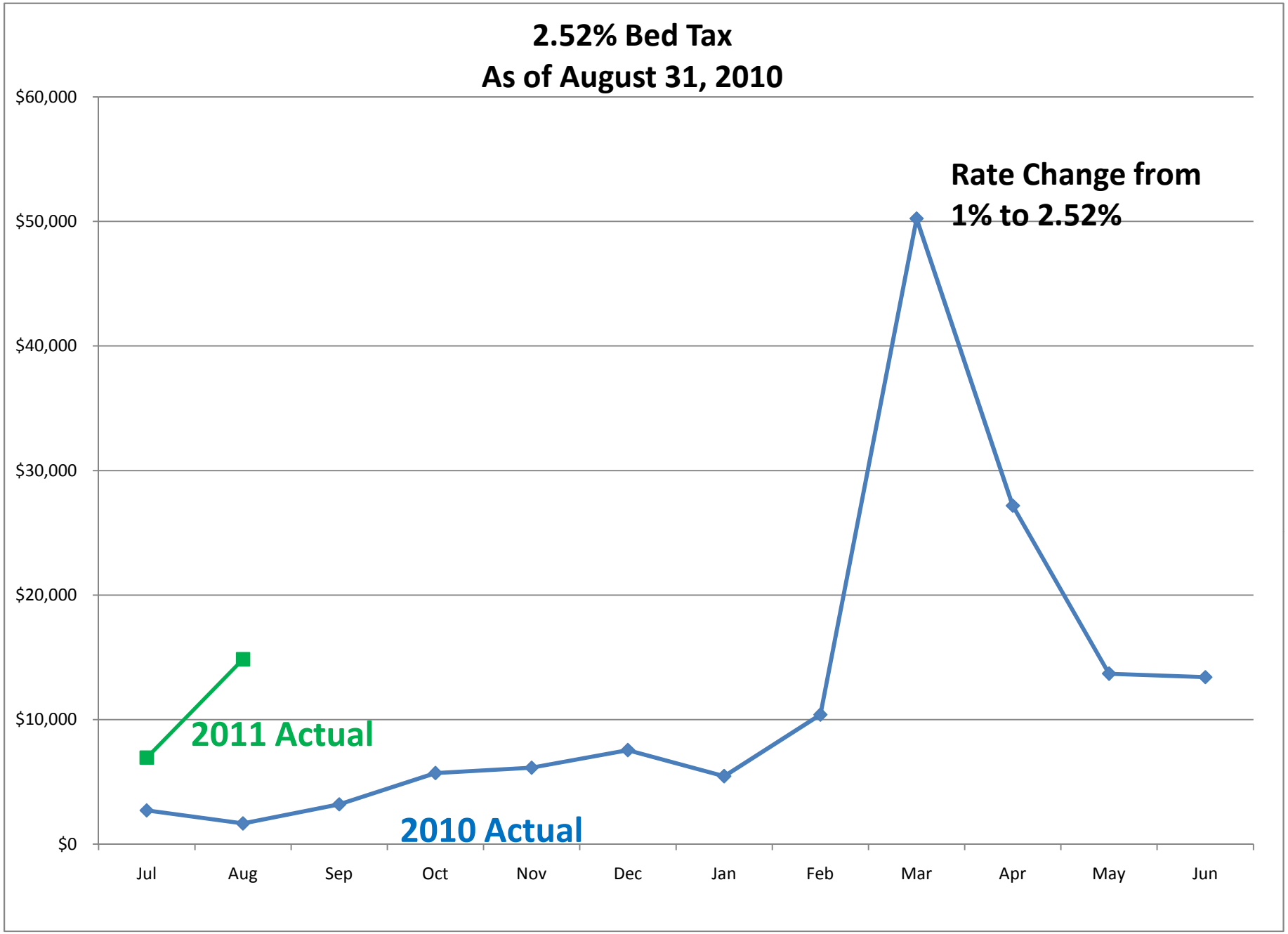
2.52% Bed Tax
As of August 31, 2010
$60,000
$50,000
$40,000
$30,000
$20,000
$10,000
$0
Rate Change from
1% to 2.52%
2011 Actual
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