**City of Phoenix**

To: Mayor and City Council

Date: September 21, 2018

From: Ed Zuercher
City Manager

Subject: GENERAL FUND REVENUE REPORT – 2 MONTHS ACTUAL REVENUE

General Fund (GF) revenue collections of $170.0 million at 2 months into the fiscal year were $0.2 million or 0.1% higher than the 2017-18 collections of $169.8 million. This slight increase is driven by higher revenue collections in city and state-shared sales taxes, and it is offset by less revenue collections in Library and state-shared income tax. The reduced revenue in Library is due to the one-time insurance proceeds for Burton Barr Central Library last year, and the loss of state-shared income tax is because of the decreased Phoenix population share relative to the state. Although the decreased Phoenix population share also impacts the revenue collections in state-shared sales and vehicle license taxes, the extra revenue due to economic growth surpasses the loss from the decreased Phoenix population share.

**General Fund Sales Tax**

In the second month of 2018-19, combined GF revenue from city and state sales tax was $102.9 million, reflecting growth of 5.5% compared to the first two months of 2017-18.

*City Sales Tax*- Year-to-date (YTD) 2018-19 city sales tax collections were $77.1 million, which represents 5.2% growth compared to the prior year.

The cumulative annual growth rates in the key categories of city sales tax are highlighted below:

- retail: 2.0%
- contracting: 41.8%
- restaurants & bars: 11.9%
- hotel/motel: 20.6%
- telecommunications: -10.4%
- commercial property rentals: 11.1%

*State Sales Tax*- YTD 2018-19 state sales tax collections were $25.9 million, representing 6.4% growth over 2017-18.

The cumulative annual growth percentages in the key categories of state sales tax were:

- retail: 6.4%
- contracting: 18.1 %
- restaurants & bars: 8.2%
- hotel/motel: 9.4%
- communications: 1.3%