

# City of Boulder

## Sales & Use Tax Revenue Report

### March, 2004



Issued May 12, 2004

This report provides information and analysis related to sales and use tax collections for the fiscal year 2004. Any questions should be directed to Steve Felten, Deputy Finance Director, at (303) 441-1819.

We are pleased to report that total sales and use tax collections for the **year-to-date** through March 2004 showed a 8.7% increase over the comparable period in 2003. All tax categories showed increases compared to 2003, as can be seen from the tables included in this report.

Recognizing that City of Boulder leading indicators do not necessarily correlate with those in Boulder County, some factors such as consumer confidence and increases in disposable income in the area do impact purchasing activity within the City. Therefore, the following economic prediction by Dr. Richard Wobbekind in the April 15, 2004 *Boulder County Business Report* may be at least partially predictive of trends in City revenue:

For the third consecutive quarter, the Boulder County Leading Economic Indicator increased from 101.6 to 102.4. This rise in the local LEI suggests that the jobless recovery is behind us, and that there will be second quarter employment growth in Boulder Valley.

Another sign of the improving economy is the lower unemployment rate... The Boulder County unemployment rate (was) 5.2% for January (2004), a full percentage point below the prior year. ... Continued modest employment growth is expected.

On the other hand, the April 22, 2004 issue of the *Daily Camera* reported that “the Boulder County Public Trustee said it received paperwork to initiate foreclosures on 136 properties during the months of January, February and March, a 43% increase from the first quarter 2003...” So while there are positive signs of a turnaround in the local economy, there are also indicators that would lead one to be cautious in predicting that turnaround with certainty.

Again, it must be noted that general economic improvement will not overcome the basic negative change in competitive position in both retail and jobs. But, at some point we expect a new lower base to at least stabilize and begin to experience modest growth from that point forward. Monthly retail sales tax results have shown improvement in each of the first three months of 2004. Hopefully, this may signal that we have reached the new lower base in the retail sales category, which makes up about 80% of sales and use tax revenue.

#### REVENUE COMPARISONS

As illustrated in the following chart, March 2004 actual year-to-date sales and use tax revenue has increased by 8.7% over the comparable period in 2003. (**Note:** All “% Change” amounts in the tables and text have been adjusted to reflect the change in tax rate from 3.26% in 2003 to 3.41% in 2004 so that comparisons reflect the underlying sales base and are consistent. Also, all \$ amounts in this report are now presented in thousands of dollars and a “\$ Change” column has been added to certain of the tables. All dollar amounts are presented in nominal amounts - i.e., 2003 tax and “\$ Change” amounts have not been adjusted for the change in the tax rate.)

MARCH YEAR-TO-DATE COMPARISONS – 2004 VERSUS 2003		
TAX CATEGORY	% CHANGE	% of TOTAL
Retail Sales Tax	3.7%	80.0%
Business Use Tax	12.7%	11.5%
Construction Use Tax	144.6%	5.4%
Motor Vehicle Use Tax	14.2%	3.2%
Refunds	-77.1%	-0.1%
<b>Total YTD Sales/Use Tax</b>	<b>8.7%</b>	<b>100.0%</b>

There were several nonrecurring items and timing differences during the first three months of 2004 that overstate the increases reflected in the table above and some of the other tables in this report. **Adjusting for these items, Total Sales & Use Tax increased approximately 6.0% (as compared to the 8.7% indicated above), Retail Sales Tax increased approximately 2.1% and Business and Construction Use tax increased approximately 32.0% on a combined basis compared to the same period in 2003.** Business and Construction Use Tax can fluctuate significantly from month to month depending on the level of equipment purchases/leases and construction projects in any given month. 2004 Business Use Tax receipts also reflect two large audit assessments collected in the period.

Of greater significance for identifying trends is the percent change month by month for the year.

REVENUE CATEGORY	JAN	FEB	MAR	APR	MAY	JUNE
Retail Sales Tax	8.5%	2.9%	.7%			
Consumer Use Tax (incl. motor vehicles)	17.4%	22.7%	2.8%			
Construction Use Tax	93.0%	164.1%	166.2%			
Total	12.6%	9.5%	5.0%			

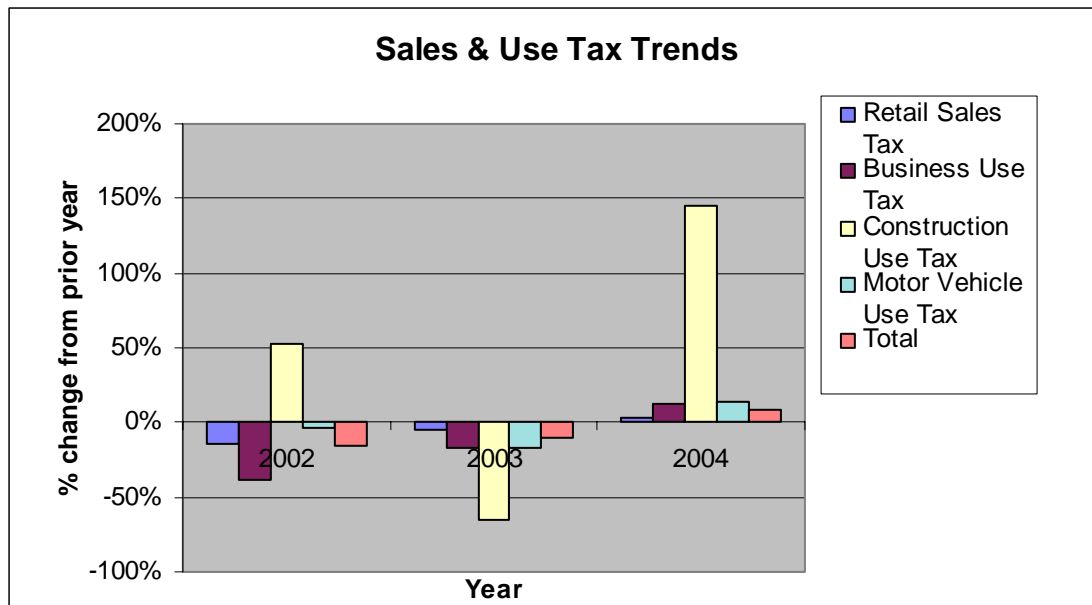
Retail Sales Tax: Year-to-date the retail sales tax category has increased 3.7%, which makes up approximately 80% of sales / use tax revenue. Most industry types and geographic areas in the City are positive compared to 2003.

Core consumer retail (apparel stores, home furnishings and general retail) showed positive growth in the first three months of 2004 compared to the same period in 2003. The following chart details the “core consumer retail” components.

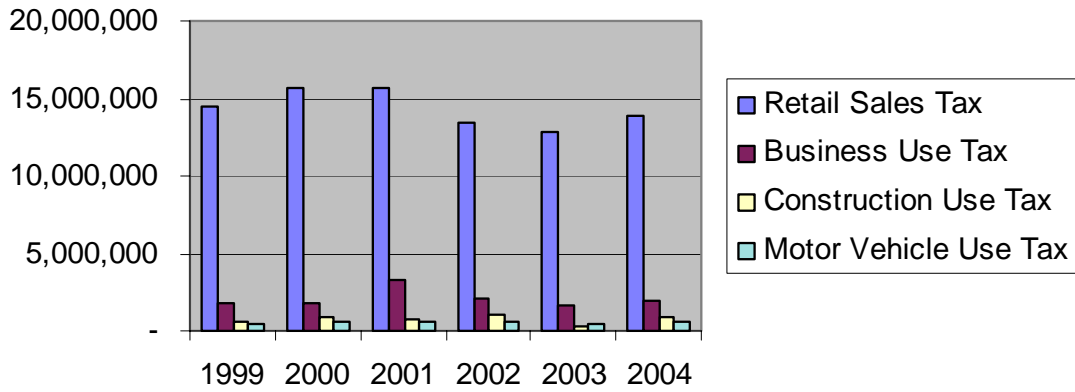
CITYWIDE CORE RETAIL SALES TAX – MARCH YTD 2004 VERSUS 2003 (in 1,000's)			
Category	2003	2004	Variance
Apparel Stores	\$421	\$481	8.9%
Home Furnishings	540	589	4.3%
General Retail	2,777	2,995	3.1%
Total	\$3,738	\$4,065	3.9%

## TREND ANALYSIS

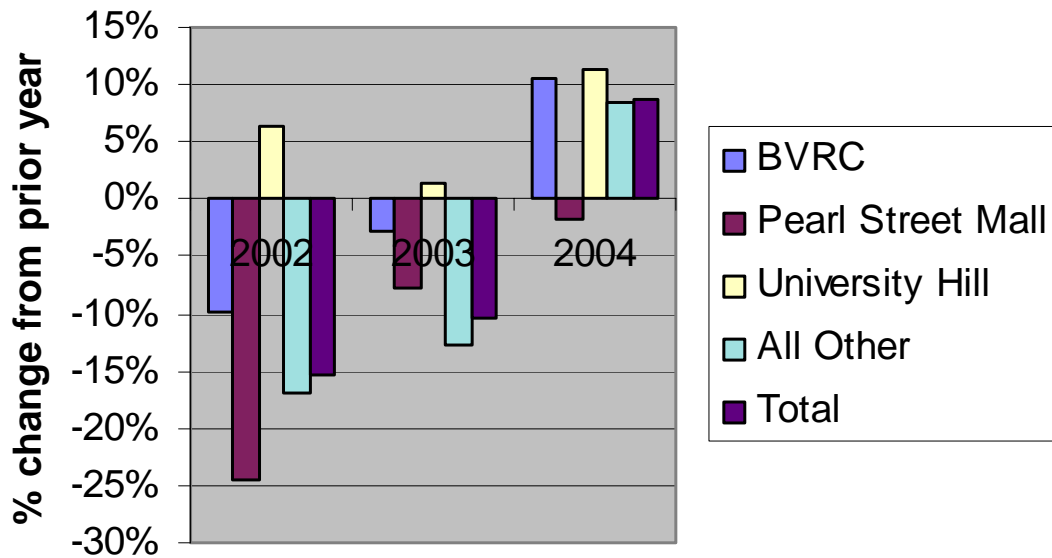
The following graphs illustrate percentage change trends by tax category over the three-year period, 2002-2004, the sales & use tax by category collected since 1999, the percentage change in geographic areas, and the proportion of the total generated by each category of tax. All of the information is through March.



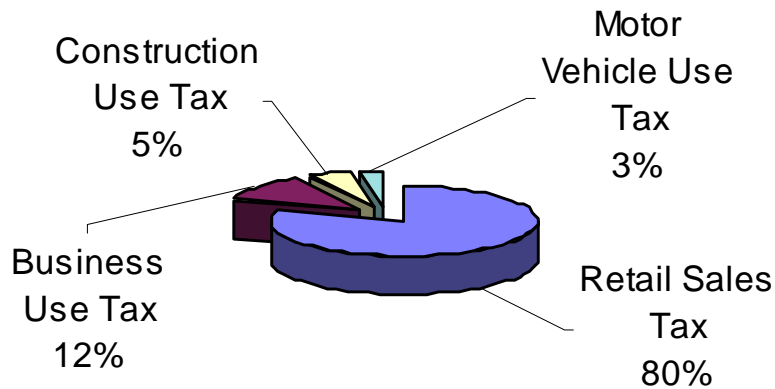
### Sales & Use Tax Collected by Category 1999-2004



### Sales & Use Tax by Area



## Sales & Use Tax by Category



Significant increases / decreases by tax category are summarized below:

YTD RETAIL SALES TAX	
<p><b>STRENGTHS:</b></p> <ul style="list-style-type: none"> <li>▪ Food Stores up 17.1% (largely due to timing differences)</li> <li>▪ Eating Places up 4.4%</li> <li>▪ Core Retail Categories (Apparel Stores, Home Furnishings &amp; General Retail) up 3.9%</li> <li>▪ Transportation/Utilities up 16.3%</li> <li>▪ North 28<sup>th</sup> St. Commercial up 10.0%</li> <li>▪ BVRC up 10.4%</li> <li>▪ Pearl Street Mall up 1.5%</li> <li>▪ Public Utilities up 13.6%</li> </ul>	<p><b>WEAKNESSES:</b></p> <ul style="list-style-type: none"> <li>▪ Computer Related Business down 35.0%</li> <li>▪ All Other Industries down 14.7%</li> <li>▪ North Broadway down 28.6%</li> <li>▪ Out of State down 14.0%</li> </ul>
YTD USE TAX	
<p><b>STRENGTHS:</b></p> <ul style="list-style-type: none"> <li>▪ General Retail up 293.3% (primarily due to a large audit assessment)</li> <li>▪ Construction Use Tax up 158.6%</li> <li>▪ N. Broadway Annex up 3,819.6%</li> <li>▪ All Other Boulder up 140.9%</li> <li>▪ Gunbarrel Industrial up 15.6%</li> </ul>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>▪ No significant weaknesses</li> </ul>

### OTHER TAXES

- Admissions Tax is up by 24.5%.
- Accommodations Tax is up by 5.6%.

### BUDGET IMPLICATIONS

The 2004 March year-to-date total sales and use tax collections are in line with the 3.1% increase budgeted for the total year.

### CHANGE IN GEOGRAPHIC AREAS

In reviewing the tables included in this report you will note that sales and use tax data for Crossroads Mall is no longer provided. Amounts previously reflected in the Crossroads Mall category are now reflected in "Boulder Valley Regional Center". Due to confidentiality requirements in the Boulder Revised Code we are not allowed to

disclose information on individual tax filers. Due to the fact that Crossroads Mall is approaching the point of being one business, we have temporarily decided we must cease reporting this category separately. Once redevelopment of 29<sup>th</sup> Street is under way and new businesses are open we will again provide separate data.

2004-03 Revenue Report - Memo

(All amounts in thousands)

<b>Net Sales/Use Tax Receipts by Tax Category</b>	<b>MARCH YTD Actual</b>				
	2003	2004	\$ Change	% Change	% of Total
Sales Tax	12,802	13,892	1,090	3.7%	80.0%
Business Use Tax	1,685	1,937	302	12.7%	11.5%
Construction Use Tax	365	934	569	144.6%	5.4%
Motor vehicle	467	558	91	14.2%	3.2%
Refunds	(50)	(12)	38	-77.1%	-0.1%
<b>Total Sales &amp; Use Tax</b>	<b>15,269</b>	<b>17,359</b>	<b>2,090</b>	<b>8.7%</b>	<b>100.0%</b>

<b>Net Sales/Use Tax Receipts by Industry Type</b>	<b>MARCH YTD Actual</b>				
	2003	2004	\$ Change	% Change	% of Total
Food Stores	2,158	2,643	485	17.1%	15.2%
Eating Places	1,793	1,939	146	3.4%	11.2%
Apparel Stores	448	481	33	2.6%	2.8%
Home Furnishings	542	590	48	4.1%	3.4%
General Retail	2,864	3,361	497	12.2%	19.4%
Transportation/Utilities	1,517	1,847	330	16.4%	10.6%
Automotive Trade	1,229	1,419	190	10.4%	8.2%
Building Material-Retail	292	375	83	22.8%	2.2%
Construction Use Tax	339	917	578	158.6%	5.3%
Construction Sales Tax	57	66	9	10.7%	0.4%
Consumer Electronics	337	290	(47)	-17.7%	1.7%
Computer Related Business Sector	1,069	892	(177)	-20.2%	5.1%
All Other	2,674	2,551	(123)	-8.8%	14.7%
Refunds	(50)	(12)	38	-77.1%	-0.1%
<b>Total Sales &amp; Use Tax</b>	<b>15,269</b>	<b>17,359</b>	<b>2,090</b>	<b>8.7%</b>	<b>100.0%</b>

<b>Net Sales/Use Tax Receipts by Geographic Area</b>	<b>MARCH YTD Actual</b>				
	2003	2004	\$ Change	% Change	% of Total
North Broadway	300	225	(75)	-28.3%	1.3%
Downtown (former CAGID)	1,019	1,068	49	0.2%	6.2%
Downtown Extension	102	102	-	-4.4%	0.6%
UHGD (the "hill")	232	270	38	11.3%	1.6%
East Downtown	135	202	67	43.0%	1.2%
N. 28th St. Commercial	1,022	1,206	184	12.8%	6.9%
N. Broadway Annex	34	159	125	347.1%	0.9%
University of Colorado	268	261	(7)	-6.9%	1.5%
Basemar	277	302	25	4.2%	1.7%
Boulder Valley Regional Center	3,665	4,236	571	10.5%	24.4%
Table Mesa	421	437	16	-0.8%	2.5%
The Meadows	238	309	71	24.1%	1.8%
All Other Boulder	676	1,121	445	58.5%	6.5%
Boulder County	136	205	69	44.1%	1.2%
Metro Denver	578	591	13	-2.2%	3.4%
Colorado All Other	25	28	3	7.1%	0.2%
Out of State	1,538	1,483	(55)	-7.8%	8.5%
Airport	2	2	-	-4.4%	0.0%
Gunbarrel Industrial	754	921	167	16.8%	5.3%
Gunbarrel Commercial	199	207	8	-0.6%	1.2%
Pearl Street Mall	428	440	12	-1.7%	2.5%
Boulder Industrial	1,527	1,557	30	-2.5%	9.0%
Unlicensed Receipts	184	137	(47)	-28.8%	0.8%
County Clerk	467	558	91	14.2%	3.2%
Public Utilities	1,092	1,344	252	17.7%	7.7%
Refunds	(50)	(12)	38	-77.1%	-0.1%
<b>Total Sales &amp; Use Tax</b>	<b>15,269</b>	<b>17,359</b>	<b>2,090</b>	<b>8.7%</b>	<b>100.0%</b>

<b>Miscellaneous Tax Statistics</b>	<b>MARCH YTD Actual</b>			
	2003	2004	\$ Change	% Change
Food Service Tax	84	87	3	3.6%
Accommodations Tax	376	397	21	5.6%
Admissions Tax	98	122	24	24.5%
License Fees	7	8	1	14.3%

<b>TOTAL CITY SALES &amp; USE TAX COLLECTIONS - BY MONTH &amp; CATEGORY (amounts in thousands)</b>															
<b>REVENUE CATEGORY</b>	<b>YEAR</b>	<b>JAN</b>	<b>FEB</b>	<b>MAR</b>	<b>APR</b>	<b>MAY</b>	<b>JUN</b>	<b>JUL</b>	<b>AUG</b>	<b>SEP</b>	<b>OCT</b>	<b>NOV</b>	<b>DEC</b>	<b>TOTAL</b>	<b>% Chg</b>
<b>RETAIL SALES TAX</b>	1999	4,342	4,713	5,494	4,694	5,236	6,110	4,886	5,040	6,125	4,909	5,164	7,732	64,445	11.3%
	2000	4,451	5,116	6,067	4,726	4,848	6,374	4,943	5,153	6,856	5,225	4,858	8,080	66,697	3.5%
	2001	4,958	4,489	6,247	4,636	4,824	6,190	4,464	4,841	5,889	4,792	4,519	6,822	62,671	-6.0%
	2002	4,539	3,904	4,958	4,545	4,682	5,663	4,381	4,725	5,570	4,169	4,316	6,273	57,725	-7.9%
	2003	3,872	3,875	5,055	4,093	4,265	5,232	4,168	4,664	5,172	4,288	4,247	5,940	54,871	-4.9%
	2004	4,394	4,171	5,327	-	-	-	-	-	-	-	-	-	13,892	na
Change from prior year (Month)		8.5%	2.9%	0.7%	na	na	na	na	na	na	na	na	na		
Change from prior year (YTD)		8.5%	5.7%	3.7%	na	na	na	na	na	na	na	na	na		
<b>CONSUMER USE TAX</b>	1999	687	719	879	586	688	914	969	868	1,087	687	572	1,476	10,132	5.2%
	2000	699	785	989	810	714	1,055	788	946	1,295	697	901	1,420	11,099	9.5%
	2001	1,166	899	1,772	909	889	1,428	1,012	975	956	1,415	749	1,091	13,261	19.5%
	2002	716	566	1,294	784	497	1,092	809	671	648	768	629	1,153	9,627	-27.4%
	2003	798	518	836	878	786	963	657	819	915	635	1,046	1,053	9,904	2.9%
	2004	980	665	899	-	-	-	-	-	-	-	-	-	2,544	na
Change from prior year (Month)		17.4%	22.7%	2.8%	na	na	na	na	na	na	na	na	na		
Change from prior year (YTD)		17.4%	19.5%	13.0%	na	na	na	na	na	na	na	na	na		
<b>CONSTRUCTION USE TAX</b>	1999	154	172	224	214	241	316	170	216	420	136	159	145	2,567	-0.3%
	2000	239	477	168	364	355	141	388	254	229	259	174	250	3,298	28.5%
	2001	191	331	173	171	198	187	227	311	471	319	195	166	2,940	-10.9%
	2002	214	566	282	443	215	1,182	195	198	158	167	167	384	4,171	41.9%
	2003	104	122	139	238	416	675	220	260	239	162	293	388	3,256	-21.9%
	2004	210	337	387	-	-	-	-	-	-	-	-	-	934	na
Change from prior year (Month)		93.0%	164.1%	166.2%	na	na	na	na	na	na	na	na	na		
Change from prior year (YTD)		93.0%	131.4%	144.6%	na	na	na	na	na	na	na	na	na		
<b>TOTAL SALES &amp; USE TAX</b>	1999	5,137	5,574	6,495	5,469	6,116	7,334	6,020	6,120	7,625	5,730	5,844	9,350	76,814	9.6%
	2000	5,387	6,374	7,209	5,879	5,917	7,552	6,077	6,353	8,376	6,175	5,756	9,743	80,798	5.2%
	2001	6,312	5,640	8,172	5,688	5,910	7,805	5,700	6,119	7,313	6,521	5,463	8,073	78,716	-2.6%
	2002	5,468	5,036	6,521	5,772	5,391	7,923	5,384	5,584	6,255	5,082	5,110	7,800	71,326	-9.4%
	2003	4,740	4,506	6,023	5,074	5,425	6,794	5,045	5,742	6,257	5,081	5,585	7,334	67,606	-5.2%
	2004	5,583	5,162	6,612	-	-	-	-	-	-	-	-	-	17,357	na
Change from prior year (Month)		12.6%	9.5%	5.0%	na	na	na	na	na	na	na	na	na		
Change from prior year (YTD)		12.6%	11.1%	8.7%	na	na	na	na	na	na	na	na	na		
Rate changes: 1996 - 2.86% to 3.11%; 1998 - 3.26%; 2004; 3.41%															

COMPARISON OF YEAR-TO-DATE ACTUAL REVENUE FOR THE YEAR 2004 TO COMPARABLE PERIOD IN 2003 (amounts in thousands)

USE TAX BY CATEGORY				SALES TAX BY CATEGORY				
MARCH YTD Actual				Standard Industrial Code	MARCH YTD Actual			
2003	2004	\$ Change	% Change		2003	2004	\$ Change	% Change
12	15	3	19.5%	Food Stores	2,146	2,628	482	17.1%
35	20	(15)	-45.4%	Eating Places	1,758	1,919	161	4.4%
27	1	(26)	-96.5%	Apparel Stores	422	481	59	9.0%
2	2	-	-4.4%	Home Furnishings	540	589	49	4.3%
88	362	274	293.3%	General Retail	2,777	2,995	218	3.1%
56	70	14	19.5%	Transportation/Utilities	1,461	1,777	316	16.3%
471	562	91	14.1%	Automotive Trade	758	857	99	8.1%
4	5	1	19.5%	Building Material-Retail	287	370	83	23.2%
339	917	578	158.6%	Construction Use Tax	-	-	-	na
-	-	-	na	Construction Sales Tax	57	66	9	10.7%
42	13	(29)	-70.4%	Consumer Electronics	295	277	(18)	-10.2%
500	506	6	-3.3%	Computer Related Business	569	387	(182)	-35.0%
941	1,006	65	2.2%	All Other	1,732	1,546	(186)	-14.7%
2,517	3,479	962	32.1%	<b>Total Sales &amp; Use Tax</b>	12,802	13,892	1,090	3.7%
MARCH YTD Actual				Geographic Code	MARCH YTD Actual			
2003	2004	\$ Change	% Change		2003	2004	\$ Change	% Change
11	10	(1)	-13.1%	North Broadway	288	215	(73)	-28.6%
108	83	(25)	-26.5%	Downtown (former CAGID)	911	986	75	3.5%
6	10	4	59.3%	Downtown Extension	96	93	(3)	-7.4%
(2)	33	35	na	UHGD (the "hill")	234	237	3	-3.2%
1	32	31	2959.2%	East Downtown	134	170	36	21.3%
7	38	31	419.0%	N. 28th St. Commercial	1,015	1,168	153	10.0%
3	123	120	3819.6%	N. Broadway Annex	31	36	5	11.0%
61	24	(37)	-62.4%	University of Colorado	206	236	30	9.5%
4	8	4	91.2%	Basemar	272	294	22	3.3%
84	99	15	12.7%	Boulder Valley Regional Center	3,584	4,137	553	10.4%
2	3	1	43.4%	Table Mesa	419	434	15	-1.0%
3	6	3	91.2%	The Meadows	235	303	68	23.3%
254	640	386	140.9%	All Other Boulder	422	481	59	9.0%
12	50	38	298.3%	Boulder County	124	156	32	20.3%
25	32	7	22.4%	Metro Denver	552	559	7	-3.2%
-	-	-	na	Colorado All Other	25	27	2	3.2%
44	139	95	202.0%	Out of State	1,494	1,344	(150)	-14.0%
-	-	-	na	Airport	2	2	-	-4.4%
665	804	139	15.6%	Gunbarrel Industrial	89	117	28	25.7%
1	-	(1)	-100.0%	Gunbarrel Commercial	198	207	9	-0.1%
20	7	(13)	-66.5%	Pearl Street Mall	408	433	25	1.5%
679	630	(49)	-11.3%	Boulder Industrial	849	926	77	4.3%
46	85	39	76.7%	Unlicensed Receipts	138	52	(86)	-64.0%
467	558	91	14.2%	County Clerk	-	-	-	na
16	65	49	288.4%	Public Utilities	1,076	1,279	203	13.6%
2,517	3,479	962	32.1%	<b>Total Sales &amp; Use Tax</b>	12,802	13,892	1,090	3.7%