

# City of Boulder

## Sales & Use Tax Revenue Report

### April, 2004



Issued June 14, 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, Acting Finance Director, at (303) 441-1819.

We are pleased to report that total sales and use tax collections for the **year-to-date** through April 2004 showed a 7.8% 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.

Preliminary data published by the Colorado Department of Labor and Employment indicate a Boulder County unemployment rate of 4.6% for April 2004.

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 experience modest growth from that point forward. Monthly retail sales tax results have shown improvement in each of the first four 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, April 2004 actual year-to-date sales and use tax revenue has increased by 7.8% 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.)

APRIL YEAR-TO-DATE COMPARISONS – 2004 VERSUS 2003		
TAX CATEGORY	% CHANGE	% of TOTAL
Retail Sales Tax	3.2%	79.5%
Business Use Tax	2.4%	11.2%
Construction Use Tax	125.8%	6.2%
Motor Vehicle Use Tax	8.4%	3.2%
Refunds	-93.3%	-0.1%
<b>Total YTD Sales/Use Tax</b>	<b>7.8%</b>	<b>100.0%</b>

There were several nonrecurring items and timing differences during the first four 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 7.8% indicated above) and Retail Sales Tax increased approximately 1.0%.** 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, as evidenced in the table below.

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%	0.7%	1.4%		
Consumer Use Tax (incl. motor vehicles)	17.4%	22.7%	2.8%	-19.1%		
Construction Use Tax	93.0%	164.1%	166.2%	96.8%		
Total	12.6%	9.5%	5.0%	5.0%		

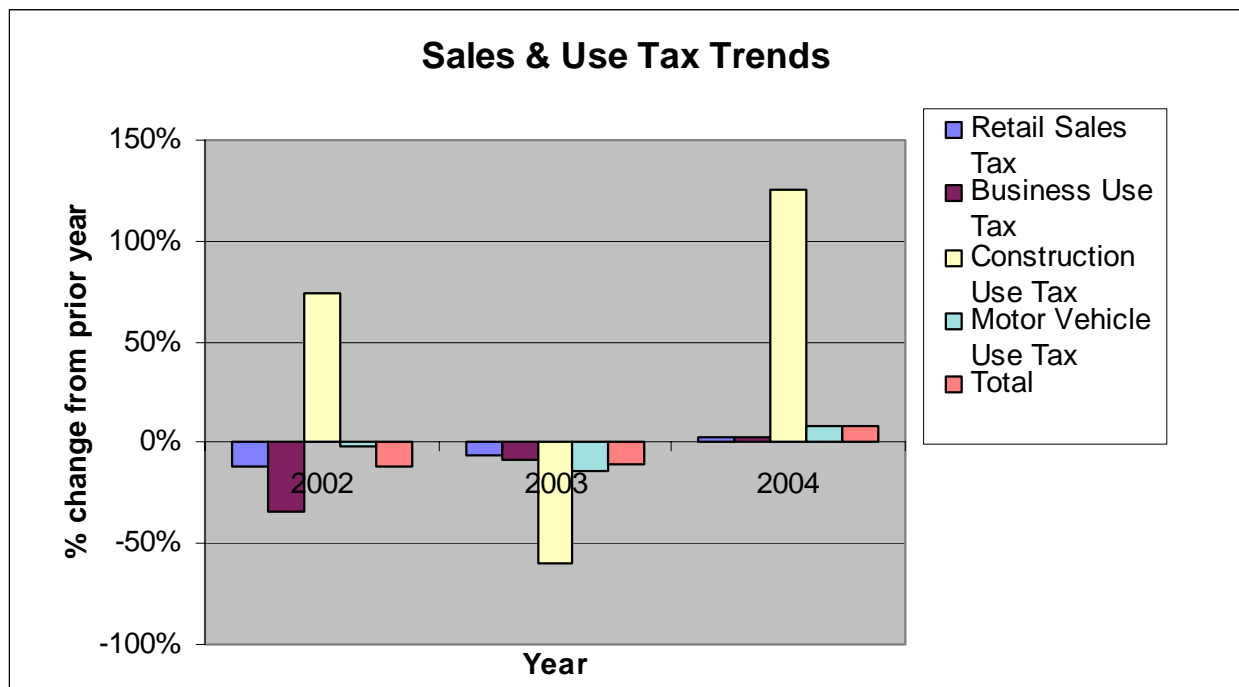
**Retail Sales Tax:** Year-to-date the retail sales tax category has increased 3.2%, which makes up approximately 80% of sales / use tax revenue. Most industry types and geographic areas in the City are positive compared to 2003.

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.

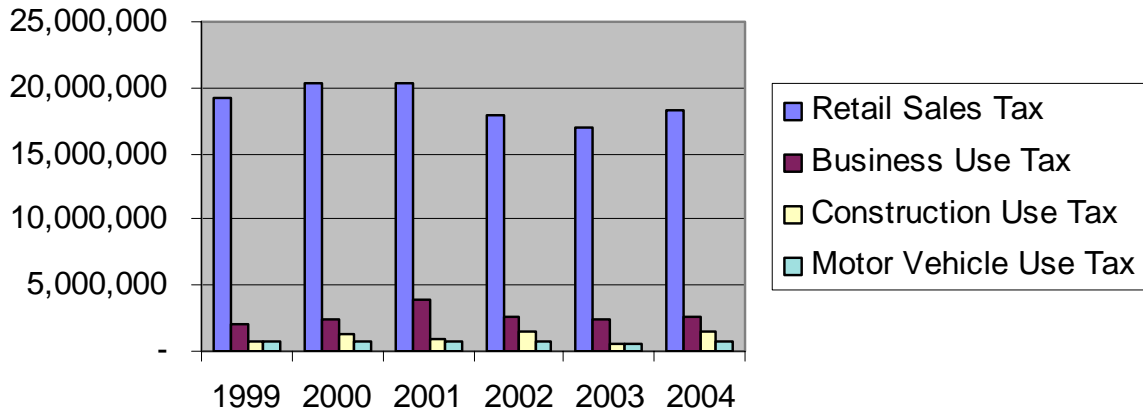
CITYWIDE CORE RETAIL SALES TAX – APRIL YTD 2004 VERSUS 2003 (in 1,000's)			
Category	2003	2004	Variance
Apparel Stores	\$572	\$640	7.0%
Home Furnishings	699	757	3.5%
General Retail	3,585	3,823	1.9%
Total	\$4,856	\$5,220	2.8%

## TREND ANALYSIS

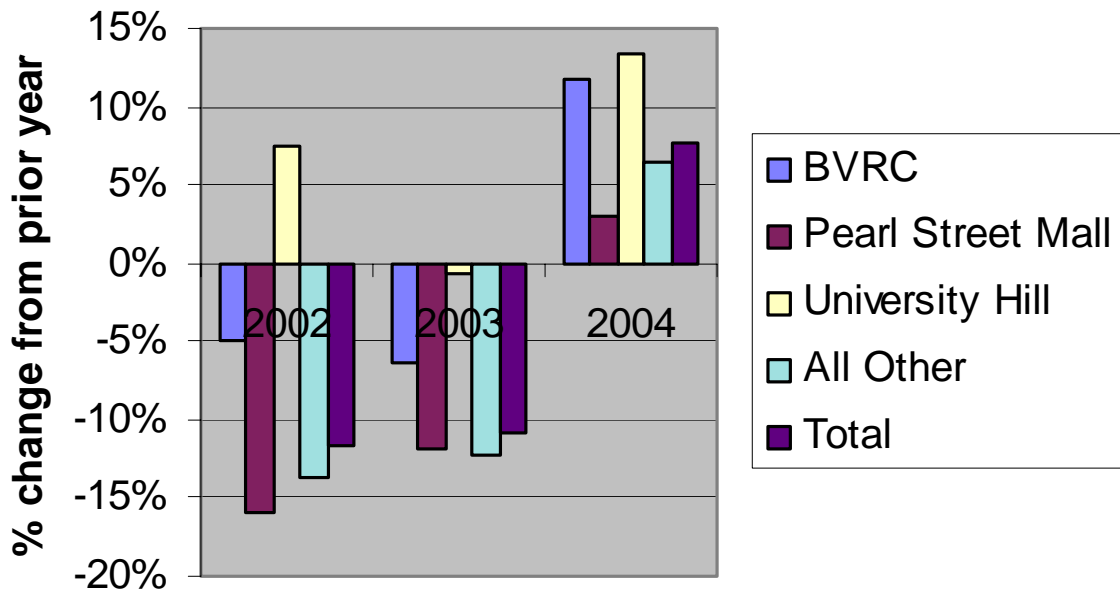
The following graphs illustrate percentage change trends by tax category over the three-year period, 2002-2004, the sales & use tax by category collected since 1999, the percentage change in geographic areas, and the proportion of the total generated by each category of tax. All of the information is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



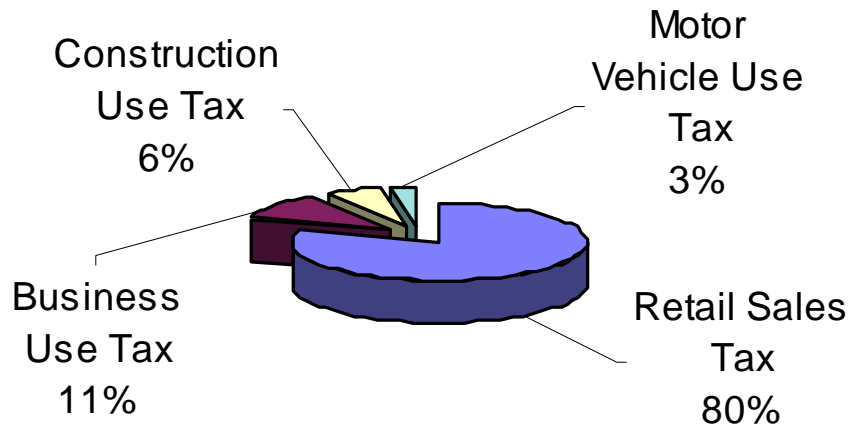
## Sales & Use Tax Collected by Category 1999-2004



## 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 18.5% (largely due to timing differences)</li> <li>▪ Eating Places up 4.8%</li> <li>▪ Core Retail Categories (Apparel Stores, Home Furnishings &amp; General Retail) up 2.8%</li> <li>▪ Transportation/Utilities up 9.2%</li> <li>▪ Automotive Trade up 5.1%</li> <li>▪ North 28<sup>th</sup> St. Commercial up 6.5%</li> <li>▪ BVRC up 11.5%</li> <li>▪ Pearl Street Mall up 5.4%</li> <li>▪ Public Utilities up 10.3%</li> </ul>	<p><b>WEAKNESSES:</b></p> <ul style="list-style-type: none"> <li>▪ Computer Related Business down 38.2%</li> <li>▪ All Other Industries down 12.3%</li> <li>▪ North Broadway down 22.7% (due to large one-time activity in 2003)</li> <li>▪ Out of State down 17.2%</li> </ul>
YTD USE TAX	
<p><b>STRENGTHS:</b></p> <ul style="list-style-type: none"> <li>▪ General Retail up 228.0% (primarily due to a large audit assessment)</li> <li>▪ Construction Use Tax up 169.1%</li> <li>▪ N. Broadway Annex up 12,105.1% (due primarily to construction activity)</li> <li>▪ All Other Boulder up 113.7% (primarily due to construction activity and a large audit assessment)</li> <li>▪ Out of State up 183.2% (primarily construction related)</li> <li>▪ Gunbarrel Industrial up 18.5%</li> </ul>	<p><b>WEAKNESSES:</b></p> <ul style="list-style-type: none"> <li>▪ All Other Industries down 22.3% (primarily due to a large audit assessment in 2003)</li> <li>▪ Boulder Industrial down 24.2% (due to a large audit assessment in 2003)</li> </ul>

### OTHER TAXES

- Accommodations Tax is up by 5.6%.
- Admissions Tax is up by 21.8%.

### BUDGET IMPLICATIONS

The 2004 April 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 Twenty Ninth Street is under way and new businesses are open we will again provide separate data.

(All amounts in thousands)

<b>Net Sales/Use Tax Receipts by Tax Category</b>	<b>APRIL YTD Actual</b>				
	2003	2004	\$ Change	% Change	% of Total
Sales Tax	16,895	18,231	1,336	3.2%	79.5%
Business Use Tax	2,389	2,560	171	2.4%	11.2%
Construction Use Tax	603	1,424	821	125.8%	6.2%
Motor vehicle	641	727	86	8.4%	3.2%
Refunds	(185)	(13)	172	-93.3%	-0.1%
<b>Total Sales &amp; Use Tax</b>	<b>20,343</b>	<b>22,929</b>	<b>2,586</b>	<b>7.8%</b>	<b>100.0%</b>

<b>Net Sales/Use Tax Receipts by Industry Type</b>	<b>APRIL YTD Actual</b>				
	2003	2004	\$ Change	% Change	% of Total
Food Stores	2,898	3,587	689	18.3%	15.6%
Eating Places	2,434	2,649	215	4.0%	11.6%
Apparel Stores	599	641	42	2.3%	2.8%
Home Furnishings	701	758	57	3.4%	3.3%
General Retail	3,703	4,222	519	9.0%	18.4%
Transportation/Utilities	2,039	2,358	319	10.6%	10.3%
Automotive Trade	1,667	1,855	188	6.4%	8.1%
Building Material-Retail	448	537	89	14.6%	2.3%
Construction Use Tax	501	1,410	909	169.1%	6.1%
Construction Sales Tax	74	83	9	7.2%	0.4%
Consumer Electronics	426	413	(13)	-7.3%	1.8%
Computer Related Business Sector	1,412	1,258	(154)	-14.8%	5.5%
All Other	3,626	3,171	(455)	-16.4%	13.8%
Refunds	(185)	(13)	172	-93.3%	-0.1%
<b>Total Sales &amp; Use Tax</b>	<b>20,343</b>	<b>22,929</b>	<b>2,586</b>	<b>7.8%</b>	<b>100.0%</b>

<b>Net Sales/Use Tax Receipts by Geographic Area</b>	<b>APRIL YTD Actual</b>				
	2003	2004	\$ Change	% Change	% of Total
North Broadway	377	299	(78)	-24.2%	1.3%
Downtown (former CAGID)	1,348	1,405	57	-0.4%	6.1%
Downtown Extension	133	132	(1)	-5.1%	0.6%
UHGD (the "hill")	294	348	54	13.2%	1.5%
East Downtown	182	257	75	35.0%	1.1%
N. 28th St. Commercial	1,368	1,546	178	8.0%	6.7%
N. Broadway Annex	43	429	386	853.8%	1.9%
University of Colorado	305	294	(11)	-7.8%	1.3%
Basemar	370	403	33	4.1%	1.8%
Boulder Valley Regional Center	4,903	5,729	826	11.7%	25.0%
Table Mesa	561	582	21	-0.8%	2.5%
The Meadows	316	394	78	19.2%	1.7%
All Other Boulder	905	1,412	507	49.2%	6.2%
Boulder County	188	264	76	34.2%	1.2%
Metro Denver	710	712	2	-4.1%	3.1%
Colorado All Other	31	33	2	1.8%	0.1%
Out of State	2,086	1,918	(168)	-12.1%	8.4%
Airport	3	2	(1)	-36.3%	0.0%
Gunbarrel Industrial	949	1,175	226	18.4%	5.1%
Gunbarrel Commercial	269	279	10	-0.8%	1.2%
Pearl Street Mall	578	622	44	2.9%	2.7%
Boulder Industrial	2,276	2,125	(151)	-10.7%	9.3%
Unlicensed Receipts	265	152	(113)	-45.2%	0.7%
County Clerk	641	727	86	8.4%	3.2%
Public Utilities	1,427	1,703	276	14.1%	7.4%
Refunds	(185)	(13)	172	-93.3%	-0.1%
<b>Total Sales &amp; Use Tax</b>	<b>20,343</b>	<b>22,929</b>	<b>2,586</b>	<b>7.8%</b>	<b>100.0%</b>

<b>Miscellaneous Tax Statistics</b>	<b>APRIL YTD Actual</b>			
	2003	2004	\$ Change	% Change
Food Service Tax	114	119	5	4.4%
Accommodations Tax	521	550	29	5.6%
Admissions Tax	124	151	27	21.8%
License Fees	9	10	1	11.1%

<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	4,170	5,327	4,340	-	-	-	-	-	-	-	-	18,231	na
Change from prior year (Month)		8.5%	2.9%	0.7%	1.4%	na	na	na	na	na	na	na	na		
Change from prior year (YTD)		8.5%	5.7%	3.7%	3.2%	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	743	-	-	-	-	-	-	-	-	3,287	na
Change from prior year (Month)		17.4%	22.7%	2.8%	-19.1%	na	na	na	na	na	na	na	na		
Change from prior year (YTD)		17.4%	19.5%	13.0%	3.7%	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	490	-	-	-	-	-	-	-	-	1,424	na
Change from prior year (Month)		93.0%	164.1%	166.2%	96.8%	na	na	na	na	na	na	na	na		
Change from prior year (YTD)		93.0%	131.4%	144.6%	125.8%	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	5,161	6,612	5,572	-	-	-	-	-	-	-	-	22,928	na
Change from prior year (Month)		12.6%	9.5%	5.0%	5.0%	na	na	na	na	na	na	na	na		
Change from prior year (YTD)		12.6%	11.1%	8.7%	7.7%	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				
APRIL YTD Actual				Standard Industrial Code	APRIL YTD Actual			
2003	2004	\$ Change	% Change		2003	2004	\$ Change	% Change
21	21	-	-4.4%	Food Stores	2,877	3,567	690	18.5%
43	28	(15)	-37.7%	Eating Places	2,391	2,621	230	4.8%
27	1	(26)	-96.5%	Apparel Stores	572	640	68	7.0%
2	2	-	-4.4%	Home Furnishings	699	757	58	3.5%
116	398	282	228.0%	General Retail	3,585	3,823	238	1.9%
65	103	38	51.5%	Transportation/Utilities	1,974	2,255	281	9.2%
646	733	87	8.5%	Automotive Trade	1,021	1,122	101	5.1%
5	6	1	14.7%	Building Material-Retail	443	531	88	14.6%
501	1,410	909	169.1%	Construction Use Tax	-	-	-	na
-	-	-	na	Construction Sales Tax	74	83	9	7.2%
45	15	(30)	-68.1%	Consumer Electronics	381	398	17	-0.1%
653	767	114	12.3%	Computer Related Business	759	491	(268)	-38.2%
1,509	1,227	(282)	-22.3%	All Other	2,119	1,943	(176)	-12.3%
3,633	4,711	1,078	24.0%	<b>Total Sales &amp; Use Tax</b>	16,895	18,231	1,336	3.2%
APRIL YTD Actual				Geographic Code	APRIL YTD Actual			
2003	2004	\$ Change	% Change		2003	2004	\$ Change	% Change
20	11	(9)	-47.4%	North Broadway	356	288	(68)	-22.7%
124	97	(27)	-25.2%	Downtown (former CAGID)	1,225	1,308	83	2.1%
6	10	4	59.3%	Downtown Extension	126	122	(4)	-7.4%
(2)	45	47	na	UHGD (the "hill")	296	303	7	-2.1%
3	33	30	951.6%	East Downtown	179	224	45	19.6%
16	39	23	133.0%	N. 28th St. Commercial	1,352	1,506	154	6.5%
3	383	380	12105.1%	N. Broadway Annex	40	46	6	9.9%
75	29	(46)	-63.0%	University of Colorado	231	265	34	9.7%
5	9	4	72.1%	Basemar	364	394	30	3.5%
111	141	30	21.4%	Boulder Valley Regional Center	4,791	5,588	797	11.5%
2	3	1	43.4%	Table Mesa	559	579	20	-1.0%
4	7	3	67.3%	The Meadows	313	387	74	18.2%
361	807	446	113.7%	All Other Boulder	544	605	61	6.3%
32	67	35	100.2%	Boulder County	156	197	41	20.7%
36	33	(3)	-12.4%	Metro Denver	674	678	4	-3.8%
-	-	-	na	Colorado All Other	31	33	2	1.8%
53	157	104	183.2%	Out of State	2,033	1,761	(272)	-17.2%
-	-	-	na	Airport	3	2	(1)	-36.3%
830	1,029	199	18.5%	Gunbarrel Industrial	119	146	27	17.3%
1	-	(1)	-100.0%	Gunbarrel Commercial	268	279	11	-0.5%
21	8	(13)	-63.6%	Pearl Street Mall	557	614	57	5.4%
1,142	905	(237)	-24.2%	Boulder Industrial	1,136	1,223	87	2.9%
124	86	(38)	-33.7%	Unlicensed Receipts	140	66	(74)	-54.9%
641	727	86	8.4%	County Clerk	-	-	-	na
25	85	60	225.0%	Public Utilities	1,402	1,617	215	10.3%
3,633	4,711	1,078	24.0%	<b>Total Sales &amp; Use Tax</b>	16,895	18,231	1,336	3.2%