



MEMORANDUM

To: Mayor and Town Council
From: Mary Lou Brown, Finance Director
Through: Michelle Kivela, Town Administrator
Subject: Sales Tax Reports
Date: July 29, 2019

Attached are the sales tax reports for May 2019 (May sales/June tax collection).

The information is provided in aggregate by both month and year-to-date (YTD), area (sales tax districts) and NAICS category. Below are highlights with all numbers and percentages based on year-to-date (YTD) data unless specifically identified as a different time period.

Sales Tax Highlights

- The May 2019 v May 2018 sales tax revenue growth rate is 3.45%. On a YTD basis, the growth is 3.87%.
- While it is easy to point to internet sales as the cause of the declining sales tax growth rate, it is most likely that factor, along with others, that are driving the decline. The combination, in our opinion, is the impact of the increasing debt balances carried by citizens related to the cost of housing and education coupled with a much slower growth in wages. This situation leaves less discretionary income available for residents.
- 2019 sales tax growth was budgeted to be flat with 2018. Over the last several years, the growth rate has declined considerably the last month or two of the calendar year. In light of this, the flat budgeted rate for 2019 remains a possibility even though growth currently is just below 4%.
- On a preliminary basis, sales tax collected and reported in July based on June sales appears to be maintaining the approximate 4% YTD growth rate.

Highlights by Sales Tax District

- The North E470 district, which generates the third highest volume of sales tax dollars, recorded a positive growth amount of 9.06%.
- Collections in the North Mainstreet district were up approximately \$65,000 for the year and are at a 2.33% YTD growth rate.
- The South Mainstreet sales tax district, which includes the majority of the Town's big box stores, generates the highest volume of sales tax dollars for the Town. The growth rate is flat at a negative .72%.
- The Lincoln/Jordan area reported an increase of 1.33% which is a considerable improvement from the first month of the year when it was down 11.47%.

- The “Outside” district comprises those companies doing business in the Town and physically located outside of Parker, such as e-commerce businesses. The Douglas County auto use tax and utility related sales taxes also fall in this category. We have approximately 20 e-commerce businesses who currently remit to the Town and one of the companies in this category now falls within the top 20 overall sales tax remitters. This category is poised to become the highest generator of sales tax dollars.
- These e-commerce businesses are contributing over \$50,000 per month in sales tax revenue. The businesses in this category consist of those businesses without a “brick and mortar” presence in the Town. For businesses such as Kohls, who maintain a physical presence, e-commerce sales are included in their overall sales.

Highlights by NAICS

- The auto use tax category bounced back from last month’s YTD decline of 3.96% to a decline of 0.11%.
- The General Merchandise category reports growth of 3.15%.
- The Grocery code exhibited strong growth throughout 2018; 2019 started with a -10.96% rate and has improved to an increase of 2.14%.
- Professional Services and Entertainment ended 2018 with a -2.09% rate but has turned that around this year with a 4.71% growth rate.
- Restaurant sales are exhibiting a strong growth rate of 9.16%.

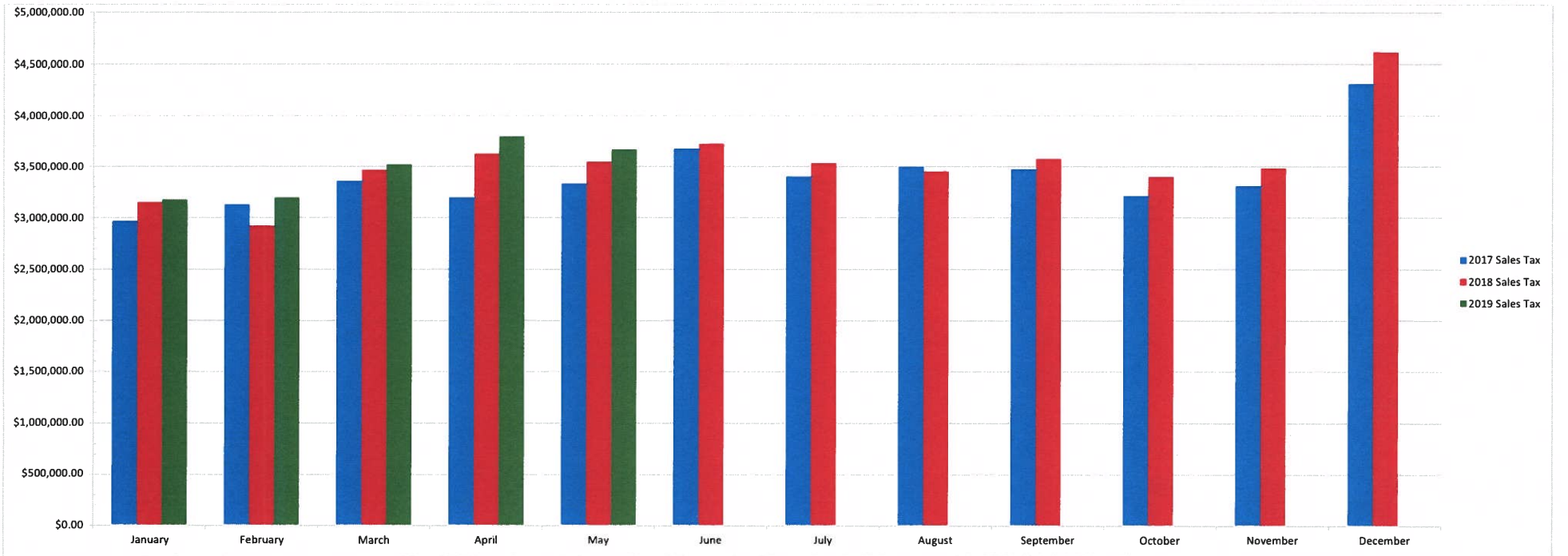
Completed sales tax audits for the year total a net of just under \$275,000. Educational classes for businesses continue to be offered by the sales tax team and are well received by participants.

If you have any questions, please call me at 303.805.3107.

**Town of Parker
Sales Tax Trends
Month of May 2019 (June 2019)
2017 - 2019**

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan - Current Total | % CHNG* |
|---|-----------------|-----------------|-----------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------------|---------|
| 2019 | \$ 3,173,213.52 | \$ 3,192,450.36 | \$ 3,517,632.08 | \$3,792,742.58 | \$ 3,667,457.42 | | | | | | | | \$17,343,495.96 | 3.45% |
| 2018 | \$ 3,147,815.61 | \$ 2,917,360.28 | \$ 3,464,809.55 | \$3,622,642.23 | \$ 3,545,160.16 | \$3,722,294.70 | \$3,532,083.03 | \$3,449,789.42 | \$3,574,851.20 | \$3,397,106.38 | \$3,483,404.30 | \$4,613,837.94 | \$16,697,787.83 | 6.53% |
| 2017 | \$ 2,964,553.88 | \$ 3,126,168.28 | \$ 3,355,909.43 | \$3,193,444.64 | \$ 3,327,770.47 | \$3,673,434.93 | \$3,399,926.61 | \$3,495,020.97 | \$3,472,179.98 | \$3,211,469.10 | \$3,309,247.06 | \$4,309,717.29 | \$15,967,846.70 | N/A |
| MTD Audit Revenue | | | | 81,706.77 | | | | | | | | | | |
| Less: MTD Audit Refunds (Building Use Tax) | | | | | | | | | | | | | | |
| Net Audit Revenue | | | | \$ 81,706.77 | | | | | | | | | | |

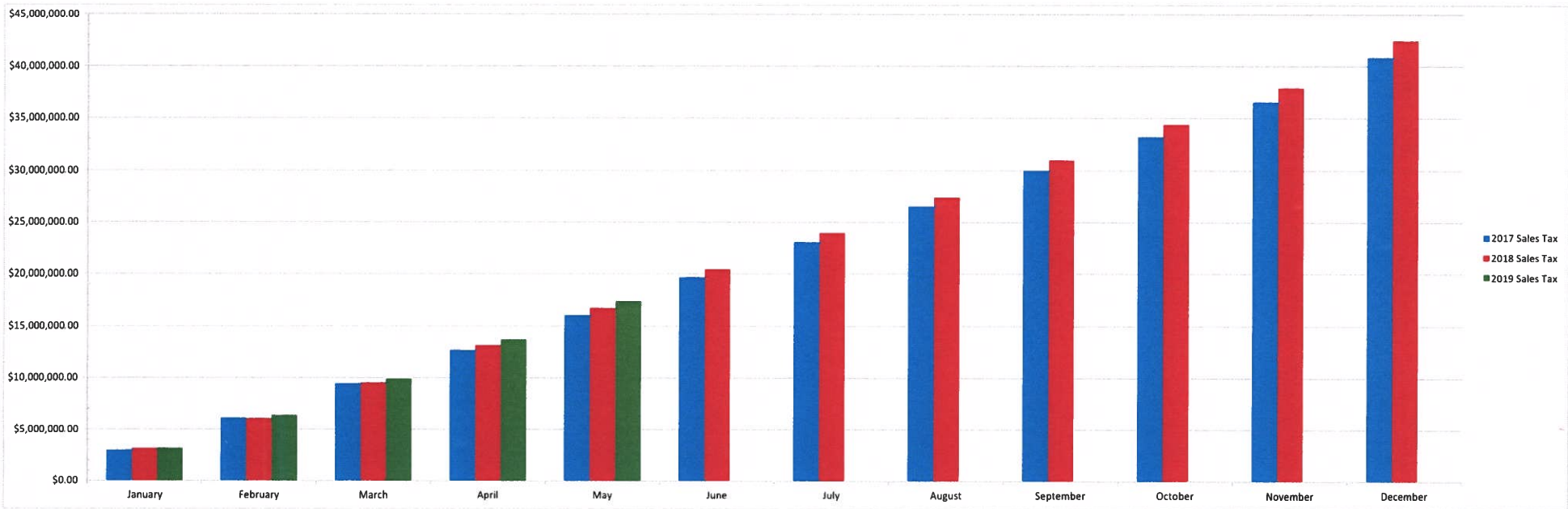
*Percent change is for current month only (highlighted)



**Town of Parker
Sales Tax Trends
YTD - May 2019 (June 2019)
2017 - 2019**

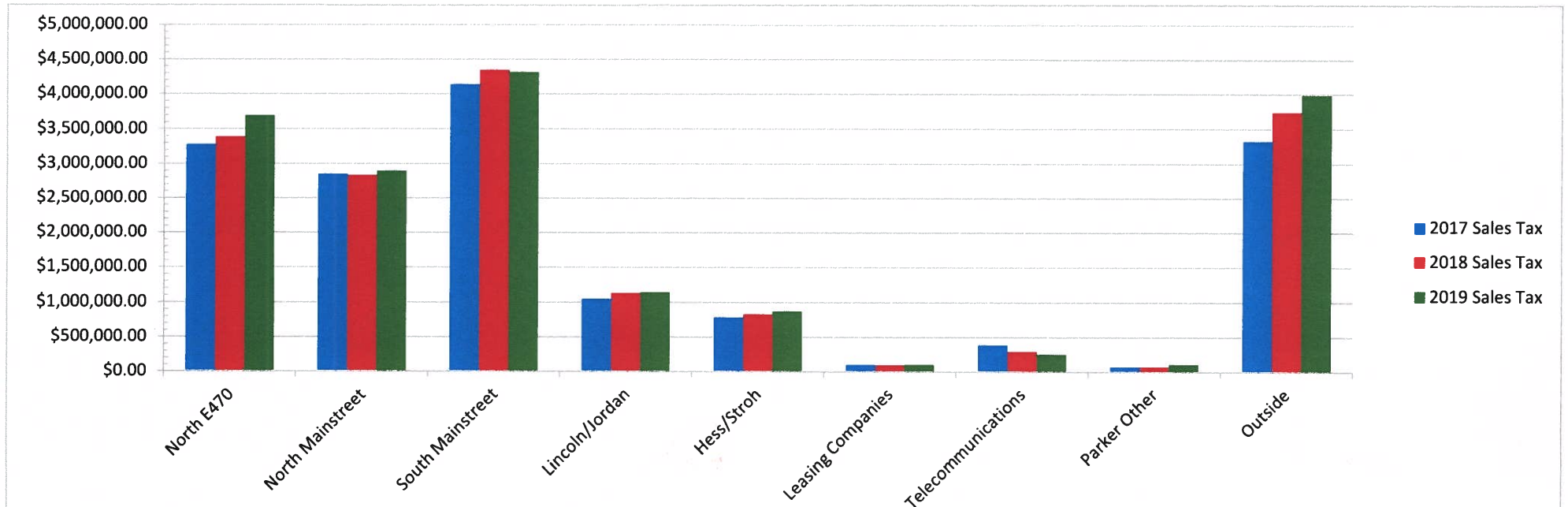
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan - Current Total | % CHNG* | |
|---|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|---------|--|
| 2019 | \$ 3,173,213.52 | \$ 6,365,663.88 | \$ 9,883,295.96 | \$ 13,676,038.54 | \$ 17,343,495.96 | | | | | | | | \$ 17,343,495.96 | 3.87% | |
| 2018 | \$ 3,147,815.61 | \$ 6,065,175.89 | \$ 9,529,985.44 | \$ 13,152,627.67 | \$ 16,697,787.83 | \$ 20,420,082.53 | \$ 23,952,165.56 | \$ 27,401,954.98 | \$ 30,976,806.18 | \$ 34,373,912.56 | \$ 37,857,316.86 | \$ 42,471,154.80 | \$ 16,697,787.83 | 4.57% | |
| 2017 | \$ 2,964,553.88 | \$ 6,090,722.16 | \$ 9,446,631.59 | \$ 12,640,076.23 | \$ 15,967,846.70 | \$ 19,641,281.63 | \$ 23,041,208.24 | \$ 26,536,229.21 | \$ 30,008,409.19 | \$ 33,219,878.29 | \$ 36,529,125.35 | \$ 40,838,842.64 | \$ 15,967,846.70 | N/A | |
| YTD Audit Revenue | | | | \$ 333,271.94 | | | | | | | | | | | |
| Less: YTD Audit Refunds (Building Use Tax) | | | | \$ (59,827.07) | | | | | | | | | | | |
| Net Audit Revenue | | | | \$ 273,444.87 | | | | | | | | | | | |

*Percent change is for YTD through current month only



Town of Parker
Sales Tax Revenue by Location
YTD - May 2019 (June 2019)
2017/2018/2019

| Area | 2017 Sales Tax | % of total Sales Tax | 2018 Sales Tax | % of total Sales Tax | 2018-2017 % Change | 2019 Sales Tax | % of total Sales Tax | 2019-2018 % Change |
|--------------------|----------------------|----------------------|----------------------|----------------------|--------------------|----------------------|----------------------|--------------------|
| North E470 | 3,279,021.27 | 20.54% | 3,385,099.32 | 20.27% | 3.24% | 3,691,951.26 | 21.29% | 9.06% |
| North Mainstreet | 2,848,225.02 | 17.84% | 2,827,732.89 | 16.93% | -0.72% | 2,893,758.11 | 16.68% | 2.33% |
| South Mainstreet | 4,137,163.36 | 25.91% | 4,339,120.42 | 25.99% | 4.88% | 4,307,924.04 | 24.84% | -0.72% |
| Lincoln/Jordan | 1,045,789.99 | 6.55% | 1,125,542.72 | 6.74% | 7.63% | 1,140,503.30 | 6.58% | 1.33% |
| Hess/Stroh | 784,397.64 | 4.91% | 824,711.10 | 4.94% | 5.14% | 868,506.24 | 5.01% | 5.31% |
| Leasing Companies | 95,878.37 | 0.60% | 93,048.44 | 0.56% | -2.95% | 99,995.51 | 0.58% | 7.47% |
| Telecommunications | 384,868.02 | 2.41% | 291,572.65 | 1.75% | -24.24% | 249,684.50 | 1.44% | -14.37% |
| Parker Other | 69,481.26 | 0.44% | 70,507.21 | 0.42% | 1.48% | 104,785.88 | 0.60% | 48.62% |
| Outside | 3,323,021.79 | 20.81% | 3,740,453.09 | 22.40% | 12.56% | 3,986,387.15 | 22.98% | 6.57% |
| Totals | 15,967,846.70 | 100.00% | 16,697,787.83 | 100.00% | 4.57% | 17,343,495.96 | 100.00% | 3.87% |



Town of Parker
Sales Tax Revenue by NAICS
YTD - May 2019 (June 2019)
2017/2018/2019

| Area | 2017 Sales Tax | % of total Sales Tax | 2018 Sales Tax | % of total Sales Tax | 2018-2017 % Change | 2019 Sales Tax | % of total Sales Tax | 2019-2018 % Change |
|----------------------------|----------------------|----------------------|----------------------|----------------------|--------------------|----------------------|----------------------|--------------------|
| Auto Use Tax | 1,409,717.31 | 8.83% | 1,627,746.15 | 9.75% | 15.47% | 1,625,977.43 | 9.38% | -0.11% |
| General Merchandise | 7,916,825.46 | 49.58% | 8,072,585.28 | 48.35% | 1.97% | 8,327,260.50 | 48.01% | 3.15% |
| Grocery | 2,448,693.51 | 15.34% | 2,695,483.80 | 16.14% | 10.08% | 2,753,045.47 | 15.87% | 2.14% |
| Prof Services & Ent. | 1,531,948.23 | 9.59% | 1,475,366.22 | 8.84% | -3.69% | 1,544,836.44 | 8.91% | 4.71% |
| Restaurants | 1,763,181.74 | 11.04% | 1,928,952.09 | 11.55% | 9.40% | 2,105,708.87 | 12.14% | 9.16% |
| Utilities | 637,165.18 | 3.99% | 657,230.11 | 3.94% | 3.15% | 719,884.89 | 4.15% | 9.53% |
| Accommodations | 144,204.52 | 0.90% | 133,208.23 | 0.80% | -7.63% | 157,590.27 | 0.91% | 18.30% |
| Business Services Support | 15,270.61 | 0.10% | 26,597.84 | 0.16% | 74.18% | 28,039.00 | 0.16% | 5.42% |
| Manufacturing & Production | 100,838.21 | 0.63% | 80,615.29 | 0.48% | -20.05% | 71,397.29 | 0.41% | -11.43% |
| Public Services | - | 0.00% | 2.83 | 0.00% | 0.00% | 9,755.80 | 0.06% | 0.00% |
| Totals | 15,967,844.77 | 100.00% | 16,697,787.83 | 100.00% | 4.57% | 17,343,495.96 | 100.00% | 3.87% |

