

2018 Holiday Sales

Sales Tax Revenue

Sales tax revenue is the backbone of the city’s General Fund budget and accounts for more than half of total revenue collections in that fund. The bulk of holiday season sales occur in November with Black Friday and Cyber Monday, and December, when the majority of holiday shopping is done. The city collects most sales tax revenues the month after sales are realized, thus November and December 2018 sales were posted in December 2018 and January 2019 respectively.

As shown on the graph below, sales tax revenue rebounded in the fourth quarter of 2018 following its first month-over-month decline since 2011. Growth moderated at the end of the year and at the start of 2019, resulting in 3.5 percent growth for the 2018 holiday shopping season compared to prior year shopping season. This is down compared to the 4.2 percent growth seen for the 2017 holiday season. These figures mirror national trends, which also saw a decline in 2018 holiday sales from 2017. The National Retail Federation reports some holiday shopping shifted to October, which is made evident by strong November revenue growth for the city. In addition, concerns over trade policies and stock market volatility may have impacted consumer behavior. As in previous years, online sales grew at a greater rate than in-store sales, and its share of total retail sales continued to climb.

The top taxpayers by industry table compares 2018 holiday sales tax collections to 2017 collections. Growth in the Total of All Other Taxpayers category accounts for somewhat more than half of the year-over-year increase. Although construction-related activities were well-represented amongst top contributors to this growth, sales tax payments were still widely-

distributed across industries.

Revenue growth can also be credited to significant increases in the Eating and Drinking Places, Discount Stores, and the Other Top Taxpayers categories. The latter includes sales tax collected from Amazon and its subsidiaries, the main drivers behind the increase realized in this category, although rental operations contributed a large amount towards this increase as well.

Offsetting these gains, a substantial decline in sales tax revenue was seen in the Auto Dealers and Parts category. Decreased collections in the Sport Goods, Hobby, Books, Music and the Beer, Wine and Liquor Stores categories were related to store closures.

Top Taxpayers by Industry Category

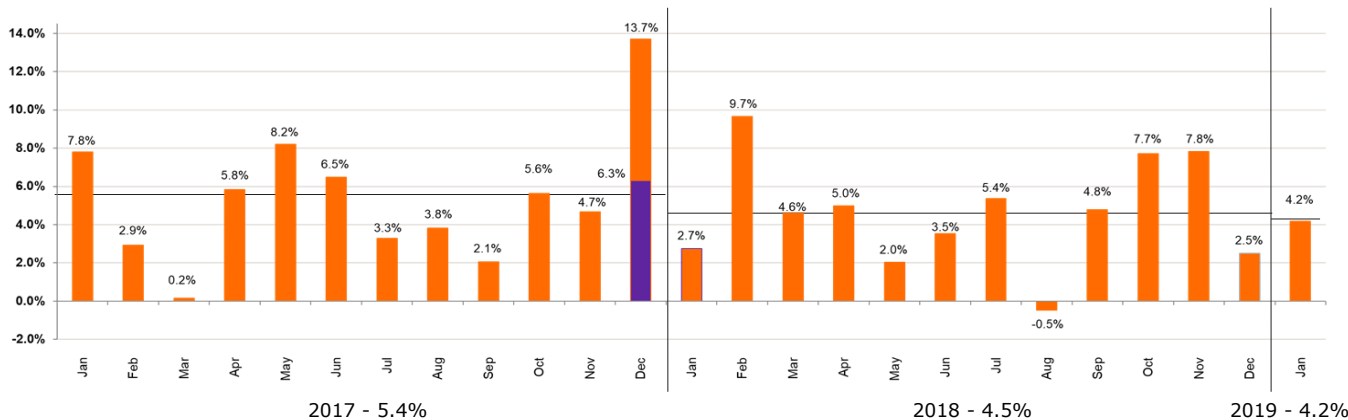
Industry Category	Holiday Sales		\$	%
	2018	2017	Variance	Change
Eating & Drinking Places	4,767.0	4,438.9	328.1	7.4%
Discount Stores	4,742.4	4,434.2	308.2	7.0%
Building Materials	1,892.9	1,915.3	(22.4)	(1.2%)
Utilities	1,804.3	1,684.2	120.0	7.1%
Telecommunication/Cellular	1,677.1	1,699.0	(22.0)	(1.3%)
Auto Dealers and Parts	1,409.3	1,620.2	(210.9)	(13.0%)
Electronics/Computers	1,209.1	1,153.8	55.3	4.8%
Department Stores	1,177.7	1,225.8	(48.0)	(3.9%)
Clothing and Clothing Accessories	1,055.0	961.9	93.1	9.7%
Grocery Stores	1,017.1	969.7	47.4	4.9%
Beer, Wine, and Liquor Stores	851.4	917.0	(65.6)	(7.2%)
Sport Goods, Hobby, Books, Music	492.0	600.8	(108.9)	(18.1%)
Furniture and Home Furnishings	392.6	400.5	(7.9)	(2.0%)
Other Top Taxpayers	2,572.6	2,382.8	189.8	8.0%
TOTAL TOP TAXPAYERS	\$25,060.5	\$24,404.3	\$656.3	2.7%
Total of All Other Taxpayers	11,837.9	11,132.1	705.7	6.3%
Less Sales Tax Incentives	1,022.0	865.2	156.8	18.1%
TOTAL REPORTED SALES TAX	\$35,876.4	\$34,671.2	\$1,205	3.5%

Sales Tax

% Change from Same Month in Prior Year

Black line: Average annual % growth

Growth required to hit budget in 2019: 3.9%



NOTE: A significant refund occurred in Dec 2016. Graph represents data with and without the refund for comparison purposes.