



To: City Council
From: Pete Strecker, Finance Director
Date: April 3, 2020
RE: February 2020 Tax Collections

Sales and lodging tax revenue for the month of February was due to the City March 20th. Remittance by restaurants and retails was positive with 98.2% businesses filing relative to the prior month. Of these filers, 98.1% have remitted the community tax to the City on time. Aggregate sales tax collections in the month exceeded February 2019 collections by 6.9% which is a reflection of the strong economy through the second month of the year.

Beginning with next month's (March) tax report, the City is anticipating a significant reduction in collections. With the necessarily but immediate action taken to curb the spread of the coronavirus, there was also an equal and immediately stifling of economic activity. This impact is anticipated to be much more dramatic than what was experienced in the last recessionary period. Unlike past recessions, there is no buffer from a sluggish change in consumer sentiment to buffer the impact to spending.

City Taxes

On March 30, the City released its forecast of an overall reduction of roughly one-third of sales tax revenue projected for 2020; annual lodging tax collections are anticipated to be down roughly 40% from the prior year. This revised projection is based on assumptions that may or may not hold true as time progresses and will be updated as new information becomes available, however, the magnitude of the forecasted decline is still anticipated to be severe.

With this report, the City wants to reiterate what these voter-approved tax dollars are benefitting. These collections were directed by the citizenry of Aspen and have dedicated uses; therefore, they are not eligible to be repurposed to other purposes without a revised directive from the Community.

- City of Aspen 2.40% Sales Tax:
 - 1.50% for parks and open space;
 - 0.45% for affordable housing development and childcare;
 - 0.30% for public education; and
 - 0.15% for fare-free public transit services.

- City of Aspen 2.00% Lodging Tax:
 - 1.50% for tourism promotion; and
 - 0.50% for fare-free public transit services.



- Real Estate Transfer Tax:
 - 1.00% for affordable housing development; and
 - 0.50% for operation and maintenance of the Wheeler Opera House, with a small amount approved for community arts grants.

City Share of County Tax

In addition to the above noted sources of income, the City also receives its share of the aggregate 2.00% Pitkin County Sales Tax. These dollars *are* discretionary and are therefore remitted to the City's General Fund for support of departments that *do not* inherently generate income to partially or completely offset their expenses. This includes operations like Council, Manager's Office, Clerk's Office, Attorney's Office, Human Resources, Finance, Police, Streets, Recreation, and Environmental Health.

The City's share of this County tax for the month of January (always an additional month behind due to the collection process being administered at the State level) was up 13.5% relative to January 2019 and it is anticipated that February will again be another strong month once reported. That said, City projections for this revenue source mirrors the one-third reduction of Aspen's sales tax forecast as Aspen is the largest hub for economic activity within the County. There may be some offsetting influence from greater online retail sales occurring in unincorporated sections of the County, and there may be some upside benefit from Snowmass Village and Basalt economies that do not rely as heavily upon tourism in summer months and/or have differing industry compositions as what is reflected within Aspen's economy.

RETT Revenue

One quick note on real estate transfer tax collections. March collections included a significant receipt for the sale of a large affordable housing deed restricted property. Given this deed restriction, per the City's municipal code, this sale was exempt from the 1.0% affordable housing RETT computation but was obligated to remit the 0.5% Wheeler Opera House RETT. This is the underlying basis for why these two tax collections differed so significantly this past month.

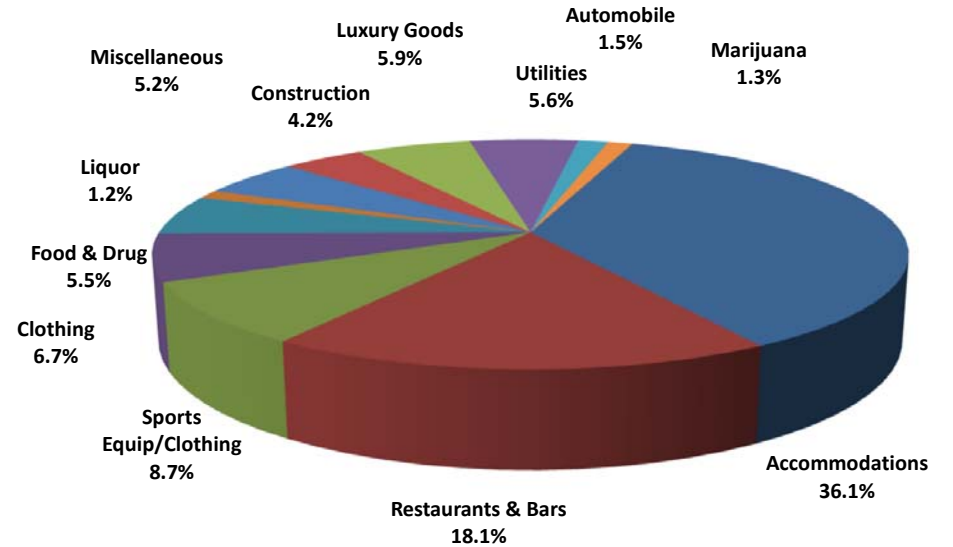
Budget Implications

With the above noted reductions in tax revenue projected for 2020, the City is taking action to immediately curb expenses. Actions will range depending (1) on the department and services being provided and (2) the type of revenue supporting these operations and how dramatic revenues are anticipated to decline. It is important to note that the City also has established reserve policies. As a result of many forward-thinking Councils, the City has reserves to draw upon to help cushion the impact that a financial crisis might have on public services. While each fund has a different level of reserves, these balances will also be considered as budget reductions are contemplated, to ensure that needed services remain for the Community.

**City of Aspen Retail Sales by Industry
February 2020**

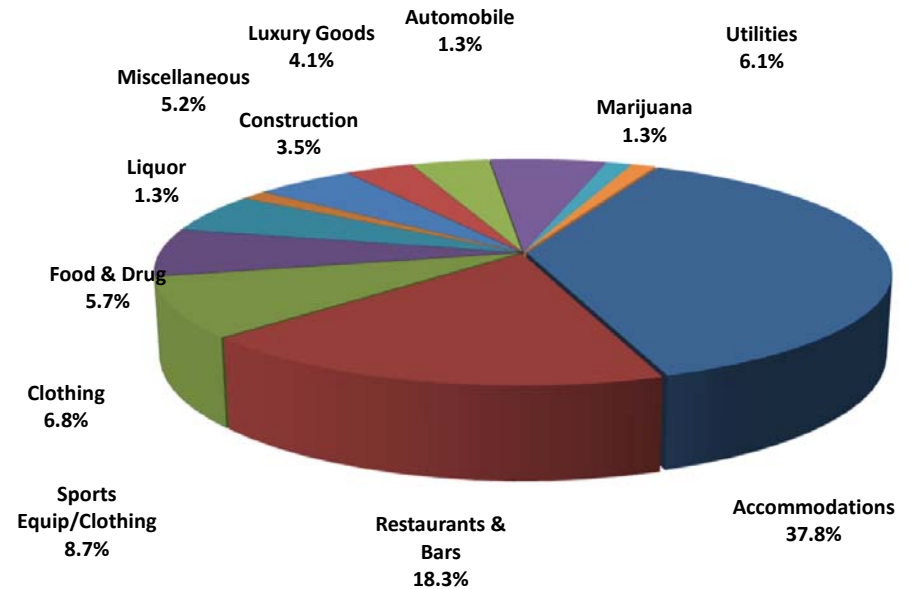
Year To Date Retail Sales

Category	YTD Retail Sales	% Change Prior Year	% YTD Retail Sales
Accommodations	\$66,574,567	3.7%	36.1%
Restaurants & Bars	\$33,467,885	10.7%	18.1%
Sports Equip/Clothing	\$16,037,800	10.2%	8.7%
Clothing	\$12,341,178	1.0%	6.7%
Food & Drug	\$10,145,446	(7.9%)	5.5%
Liquor	\$2,259,772	5.1%	1.2%
Miscellaneous	\$9,592,448	10.1%	5.2%
Construction	\$7,781,289	13.6%	4.2%
Luxury Goods	\$10,880,605	52.4%	5.9%
Utilities	\$10,327,487	3.3%	5.6%
Automobile	\$2,858,989	(18.7%)	1.5%
Marijuana	\$2,354,012	(12.0%)	1.3%
Total	\$184,621,478	6.6%	100.0%



February Monthly Retail Sales

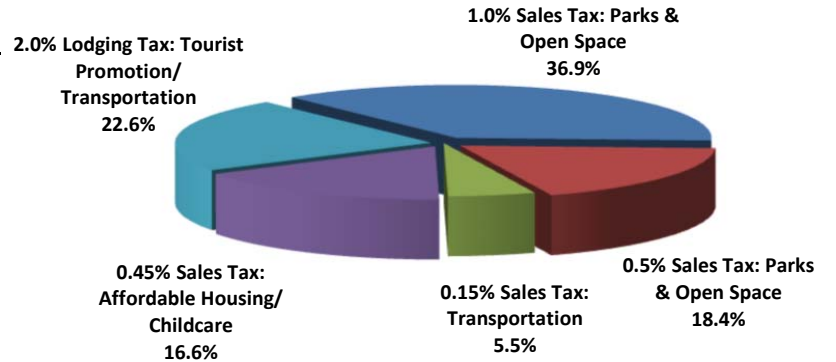
Category	Monthly Retail Sales	Businesses Reporting	% Change Prior Year	% Monthly Retail Sales
Accommodations	\$33,437,831	93	8.9%	37.8%
Restaurants & Bars	\$16,189,653	68	10.0%	18.3%
Sports Equip/Clothing	\$7,659,197	39	14.5%	8.7%
Clothing	\$6,042,175	76	0.9%	6.8%
Food & Drug	\$5,018,717	23	(8.2%)	5.7%
Liquor	\$1,147,942	9	5.0%	1.3%
Miscellaneous	\$4,589,982	274	15.0%	5.2%
Construction	\$3,131,018	103	1.4%	3.5%
Luxury Goods	\$3,617,224	53	(2.8%)	4.1%
Utilities	\$5,368,780	77	9.7%	6.1%
Automobile	\$1,189,468	1	(42.9%)	1.3%
Marijuana	\$1,130,326	9	(10.2%)	1.3%
Total	\$88,522,311	825	5.8%	100.0%



**City of Aspen Sales and Lodging Tax
February 2020**

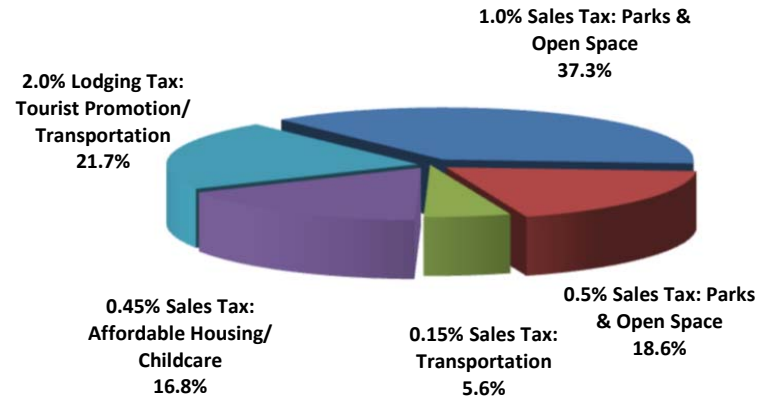
Year To Date Tax Collections

Tax Type	YTD Taxes Collected	% YTD Taxes
1.0% Sales Tax: Parks & Open Space	\$1,833,078	36.9%
0.5% Sales Tax: Parks & Open Space	\$916,319	18.4%
0.15% Sales Tax: Transportation	\$274,940	5.5%
0.45% Sales Tax: Affordable Housing/ Childcare	\$824,819	16.6%
2.0% Lodging Tax: Tourist Promotion/ Transportation	<u>\$1,121,218</u>	<u>22.6%</u>
Total	\$4,970,375	100%



February Monthly Tax Collections

Tax Type	Monthly Taxes Collected	% Monthly Taxes
1.0% Sales Tax: Parks & Open Space	\$884,578	37.3%
0.5% Sales Tax: Parks & Open Space	\$442,183	18.6%
0.15% Sales Tax: Transportation	\$132,677	5.6%
0.45% Sales Tax: Affordable Housing/ Childcare	\$398,028	16.8%
2.0% Lodging Tax: Tourist Promotion/ Transportation	<u>\$514,895</u>	<u>21.7%</u>
Total	\$2,372,362	100%

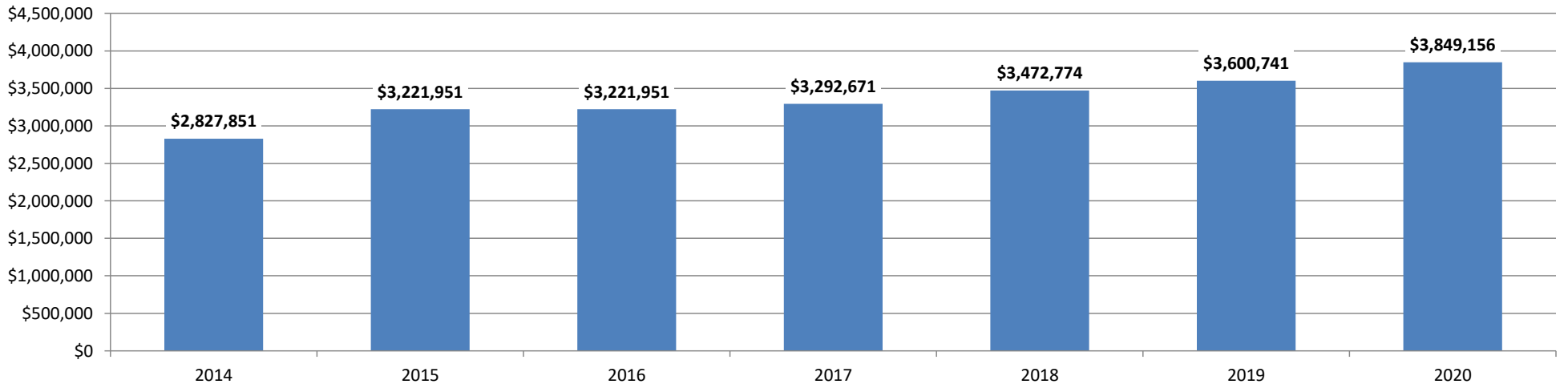


**City of Aspen Sales Tax 2.1%
February 2020**

Current Month Revenues are 6.9% above last year's Monthly Revenues.
Year To Date Revenues are 5.3% above Year To Date Budgeted Revenues.
Year To Date Revenues are 6.9% above last year's Actual Year To Date Revenues.

Month	2020 Monthly Budget vs. 2020 Actual			2020 YTD Budget vs. 2020 Actual			2020 vs. 2019			
	Budget	Actual	Variance	Budget	Actual	Variance	2019 Monthly	Variance	2019 YTD	Variance
Jan	\$1,918,600	\$1,991,690	3.8%	\$1,918,600	\$1,991,690	3.8%	\$1,862,971	6.9%	\$1,862,971	6.9%
Feb	\$1,736,100	\$1,857,466	7.0%	\$3,654,700	\$3,849,156	5.3%	\$1,737,770	6.9%	\$3,600,741	6.9%
Mar	\$1,982,200			\$5,636,900			\$2,010,993		\$5,611,734	
Apr	\$676,600			\$6,313,500			\$757,958		\$6,369,692	
May	\$570,600			\$6,884,100			\$646,709		\$7,016,401	
June	\$1,422,000			\$8,306,100			\$1,382,830		\$8,399,231	
July	\$1,849,000			\$10,155,100			\$1,920,481		\$10,319,712	
Aug	\$1,575,800			\$11,730,900			\$1,568,118		\$11,887,829	
Sept	\$1,287,100			\$13,018,000			\$1,339,131		\$13,226,960	
Oct	\$756,200			\$13,774,200			\$813,092		\$14,040,052	
Nov	\$654,800			\$14,429,000			\$694,364		\$14,734,416	
Dec	\$2,548,500			\$16,977,500			\$2,465,684		\$17,200,100	

Actual Collections Year To Date Through February

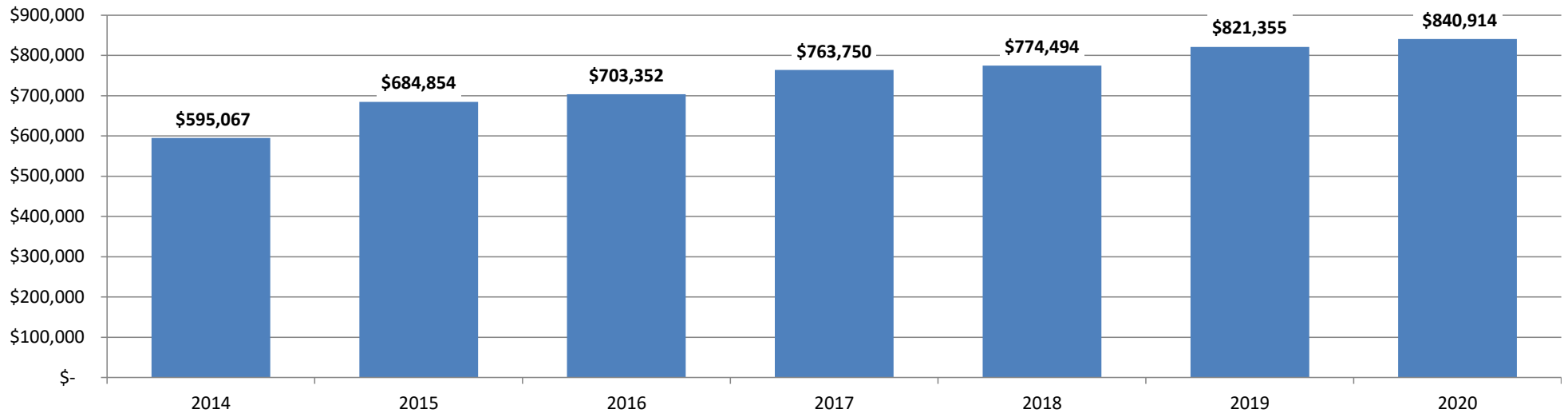


**City of Aspen Tourist Promotion 1.5% Lodging Tax (0.5% Rate for 2010 and Prior)
February 2020**

Current Month Revenues are 8.1% above last year's Monthly Revenues.
Year To Date Revenues are 4.8% above Year To Date Budgeted Revenues.
Year To Date Revenues are 2.4% above last year's Actual Year To Date Revenues.

Month	2020 Monthly Budget vs. 2020 Actual			2020 YTD Budget vs. 2020 Actual			2020 vs. 2019			
	Budget	Actual	Variance	Budget	Actual	Variance	2019 Monthly	Variance	2019 YTD	Variance
Jan	\$412,500	\$423,412	2.6%	\$412,500	\$423,412	2.6%	\$435,183	(2.7%)	\$435,183	(2.7%)
Feb	\$390,000	\$417,502	7.1%	\$802,500	\$840,914	4.8%	\$386,172	8.1%	\$821,355	2.4%
Mar	\$420,000			\$1,222,500			\$441,407		\$1,262,762	
Apr	\$60,000			\$1,282,500			\$72,042		\$1,334,804	
May	\$45,000			\$1,327,500			\$55,183		\$1,389,987	
June	\$217,500			\$1,545,000			\$207,585		\$1,597,572	
July	\$300,000			\$1,845,000			\$312,072		\$1,909,644	
Aug	\$255,000			\$2,100,000			\$236,486		\$2,146,131	
Sept	\$157,500			\$2,257,500			\$168,611		\$2,314,741	
Oct	\$82,500			\$2,340,000			\$87,775		\$2,402,516	
Nov	\$60,000			\$2,400,000			\$59,637		\$2,462,153	
Dec	\$490,500			\$2,890,500			\$451,985		\$2,914,139	

Actual Collections Year To Date Through February

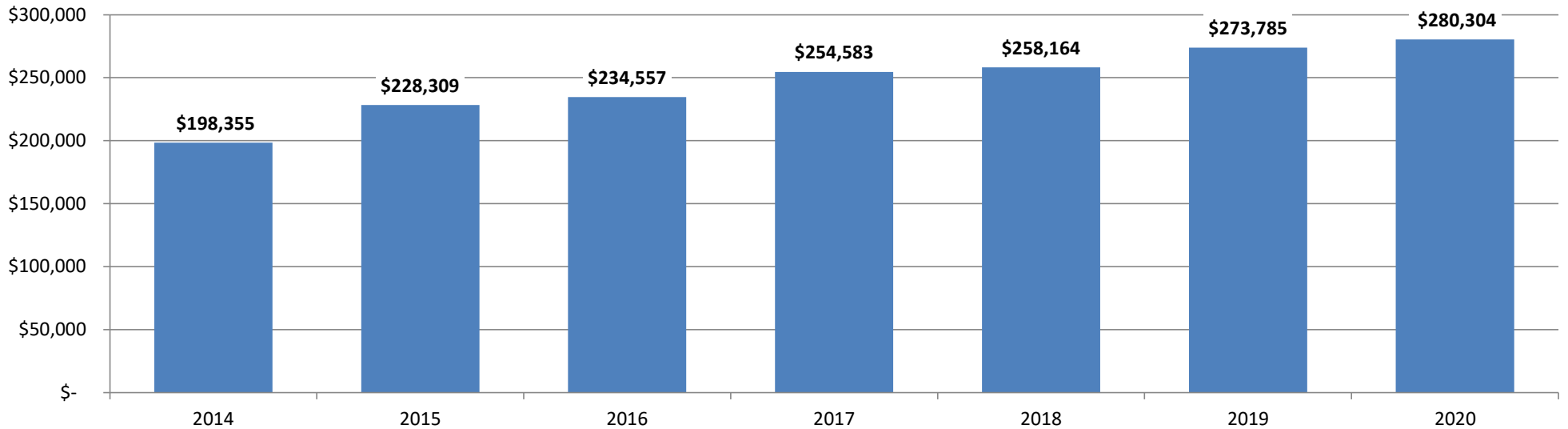


**City of Aspen Transportation 0.5% Lodging Tax
February 2020**

Current Month Revenues are 8.1% above last year's Monthly Revenues.
Year To Date Revenues are 4.8% above Year To Date Budgeted Revenues.
Year To Date Revenues are 2.4% above last year's Actual Year To Date Revenues.

<u>Month</u>	<u>2020 Monthly Budget vs. 2020 Actual</u>			<u>2020 YTD Budget vs. 2020 Actual</u>			<u>2020 vs. 2019</u>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2019 Monthly</u>	<u>Variance</u>	<u>2019 YTD</u>	<u>Variance</u>
Jan	\$137,500	\$141,137	2.6%	\$137,500	\$141,137	2.6%	\$145,061	(2.7%)	\$145,061	(2.7%)
Feb	\$130,000	\$139,167	7.1%	\$267,500	\$280,304	4.8%	\$128,724	8.1%	\$273,785	2.4%
Mar	\$140,000			\$407,500			\$147,136		\$420,920	
Apr	\$20,000			\$427,500			\$24,014		\$444,934	
May	\$15,000			\$442,500			\$18,394		\$463,328	
June	\$72,500			\$515,000			\$69,195		\$532,523	
July	\$100,000			\$615,000			\$104,024		\$636,547	
Aug	\$85,000			\$700,000			\$78,829		\$715,376	
Sept	\$52,500			\$752,500			\$56,203		\$771,579	
Oct	\$27,500			\$780,000			\$29,258		\$800,837	
Nov	\$20,000			\$800,000			\$19,879		\$820,716	
Dec	\$163,500			\$963,500			\$150,662		\$971,378	

Actual Collections Year To Date Through February

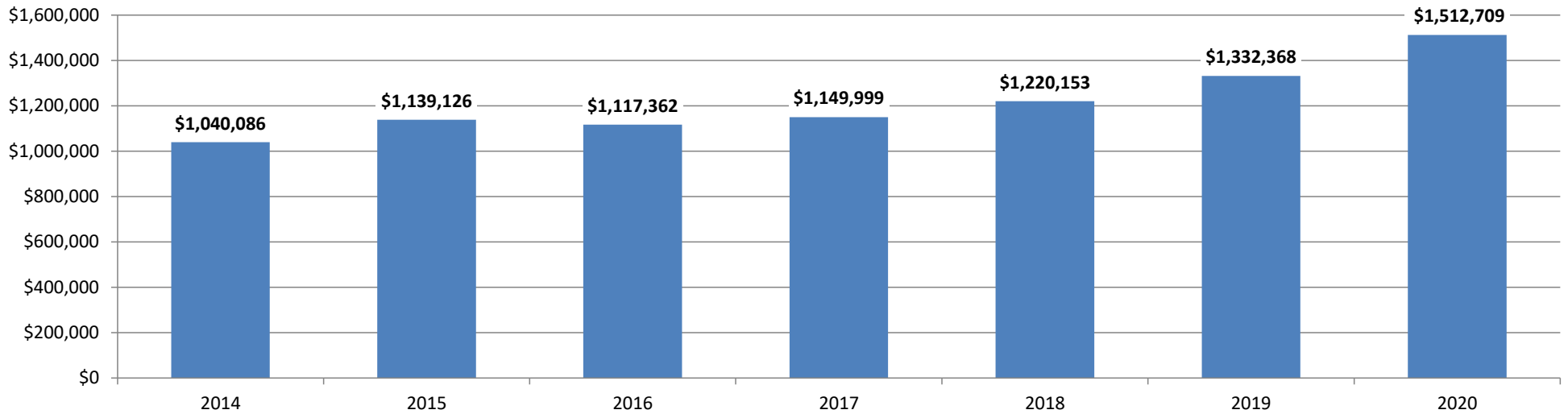


**City of Aspen Portion of Pitkin County 3.6% Sales Tax
January 2020**

Current Month Revenues are **13.5%** above last year's Monthly Revenues.
 Year To Date Revenues are **11.5%** above Year To Date Budgeted Revenues.
 Year To Date Revenues are **13.5%** above last year's Actual Year To Date Revenues.

Month	2020 Monthly Budget vs. 2020 Actual			2020 YTD Budget vs. 2020 Actual			2020 vs. 2019			
	Budget	Actual	Variance	Budget	Actual	Variance	2019 Monthly	Variance	2019 YTD	Variance
Jan	\$1,357,000	\$1,512,709	11.5%	\$1,357,000	\$1,512,709	11.5%	\$1,332,368	13.5%	\$ 1,332,368	13.5%
Feb	\$1,277,000			\$2,634,000			\$1,195,264		\$ 2,527,633	
Mar	\$1,293,000			\$3,927,000			\$1,460,126		\$ 3,987,758	
Apr	\$484,000			\$4,411,000			\$543,209		\$ 4,530,968	
May	\$398,000			\$4,809,000			\$423,901		\$ 4,954,869	
June	\$822,000			\$5,631,000			\$867,745		\$ 5,822,613	
July	\$1,097,000			\$6,728,000			\$1,149,462		\$ 6,972,075	
Aug	\$917,000			\$7,645,000			\$1,059,020		\$ 8,031,094	
Sept	\$801,000			\$8,446,000			\$867,293		\$ 8,898,387	
Oct	\$498,000			\$8,944,000			\$646,501		\$ 9,544,889	
Nov	\$484,000			\$9,428,000			\$908,405		\$ 10,453,294	
Dec	\$1,461,000			\$10,889,000			\$1,627,600		\$ 12,080,894	

Actual Collections Year To Date Through January

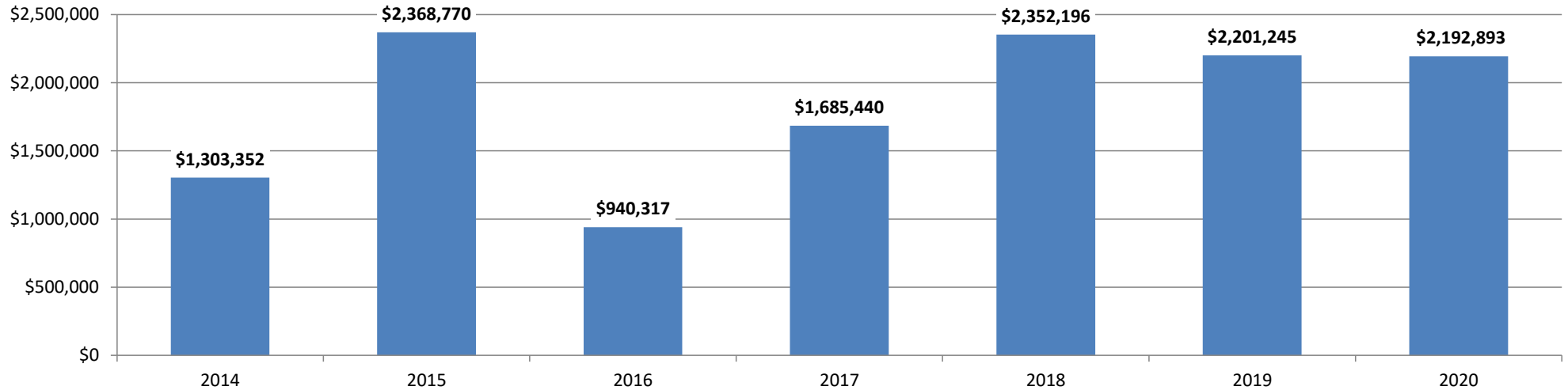


**Housing Real Estate Transfer Tax
March 2020**

Current Month Revenues are **(32.9%)** below last year's Monthly Revenues.
 Year To Date Revenues are **46.4%** above Year To Date Budgeted Revenues.
 Year To Date Revenues are **(0.4%)** below last year's Actual Year To Date Revenues.

Month	2020 Monthly Budget vs. 2020 Actual			2020 YTD Budget vs. 2020 Actual			2020 vs. 2019			
	Budget	Actual	Variance	Budget	Actual	Variance	2019 Monthly	Variance	2019 YTD	Variance
Jan	\$488,100	\$1,098,343	125.0%	\$488,100	\$1,098,343	125.0%	\$1,105,098	(0.6%)	\$1,105,098	(0.6%)
Feb	\$509,100	\$496,350	(2.5%)	\$997,200	\$1,594,693	59.9%	\$204,130	143.2%	\$1,309,228	21.8%
Mar	\$501,100	\$598,199	19.4%	\$1,498,300	\$2,192,893	46.4%	\$892,017	(32.9%)	\$2,201,245	(0.4%)
Apr	\$728,800			\$2,227,100			\$551,428		\$2,752,674	
May	\$672,000			\$2,899,100			\$813,639		\$3,566,313	
June	\$668,900			\$3,568,000			\$615,723		\$4,182,036	
July	\$488,700			\$4,056,700			\$383,273		\$4,565,308	
Aug	\$657,900			\$4,714,600			\$639,178		\$5,204,486	
Sept	\$926,800			\$5,641,400			\$703,645		\$5,908,131	
Oct	\$787,000			\$6,428,400			\$1,188,651		\$7,096,782	
Nov	\$531,200			\$6,959,600			\$450,783		\$7,547,565	
Dec	\$647,400			\$7,607,000			\$892,700		\$8,440,265	

Actual Collections Year To Date Through March



**Wheeler Opera House Real Estate Transfer Tax
March 2020**

Current Month Revenues are 22.9% above last year's Monthly Revenues.
Year To Date Revenues are 75.9% above Year To Date Budgeted Revenues.
Year To Date Revenues are 22.4% above last year's Actual Year To Date Revenues.

Month	2020 Monthly Budget vs. 2020 Actual			2020 YTD Budget vs. 2020 Actual			2020 vs. 2019			
	Budget	Actual	Variance	Budget	Actual	Variance	2019 Monthly	Variance	2019 YTD	Variance
Jan	\$261,400	\$565,600	116.4%	\$261,400	\$565,600	116.4%	\$569,253	(0.6%)	\$569,253	(0.6%)
Feb	\$279,000	\$262,833	(5.8%)	\$540,400	\$828,432	53.3%	\$109,065	141.0%	\$678,318	22.1%
Mar	\$253,500	\$567,936	124.0%	\$793,900	\$1,396,369	75.9%	\$462,116	22.9%	\$1,140,434	22.4%
Apr	\$365,600			\$1,159,500			\$296,169		\$1,436,603	
May	\$361,200			\$1,520,700			\$428,417		\$1,865,020	
June	\$277,000			\$1,797,700			\$320,990		\$2,186,010	
July	\$231,100			\$2,028,800			\$202,796		\$2,388,806	
Aug	\$334,300			\$2,363,100			\$343,499		\$2,732,306	
Sept	\$520,200			\$2,883,300			\$372,645		\$3,104,951	
Oct	\$419,200			\$3,302,500			\$615,288		\$3,720,238	
Nov	\$288,500			\$3,591,000			\$234,996		\$3,955,234	
Dec	\$371,000			\$3,962,000			\$464,793		\$4,420,027	

Actual Collections Year To Date Through March

