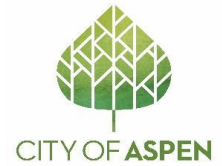


To: Aspen City Council
From: Pete Strecker, Finance Director
Date: May 12, 2022
Re: March 2022 Consumption Tax Report



Aggregate Taxable Sales & Industry Highlights:

The month of March is typically a robust period in terms of tourism spend, typically producing 12% of annual sales for a given calendar year. For 2022, this month was exceedingly strong and produced taxable sales that established a new record level of economic activity for the City, increasing 42% over the same period a year ago and topping \$150 million for the month. This put a strong close on an otherwise busy 2021-22 ski season and furthered the growth in year-to-date taxable sales over quarter one of last year by 65%.

March data again highlighted the strong rebounding within the accommodations (both in short-term rental offerings and traditional lodges) and food service industries, increasing more than 120% for the month in both sectors. These sectors’ exception strength were accompanied by the notable growth in many luxury sectors (jewelry, gallery, and fashion clothing) that experienced increased sales of 70% or more over March 2021.

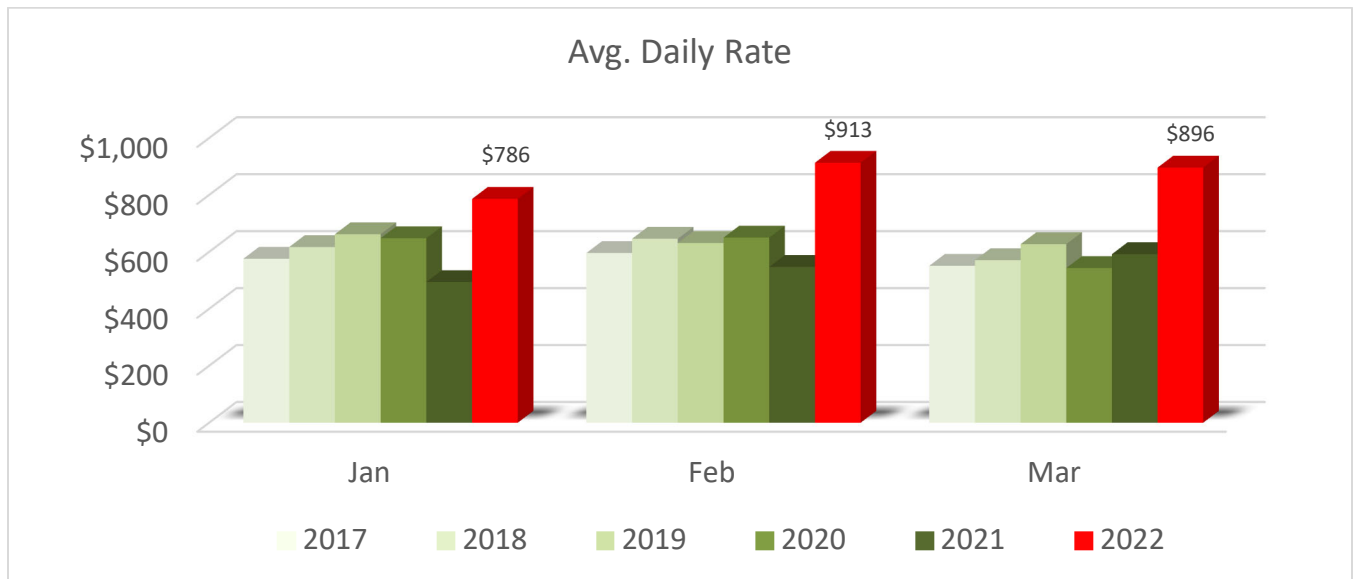
Looking specifically at where taxable sales occurred in March, economic activity reflects a ratio of 86% brick and mortar sales vs. 14% from online/external businesses, with the greatest amount of non-local generation occurring for miscellaneous goods, construction materials and telecommunication sales (as is typical each month).



Sales and Lodging Tax:

Actual sales tax collections for March were up 34% relative to the same period in 2021. This growth can be tied back to a strong return in tourism that has occurred following the red-level restrictions that had still some lagging influence in March 2021. This increased visitation, plus inflationary pressures caused by supply chain disruptions and higher wages, have resulted in greater taxable sales within the Aspen economy.

Similar to the aforementioned robust collections in sales tax (though more pronounced for certain), the City's dedicated 2.0% lodging tax receipts far exceeded March 2021 collections by 84%. Price growth remains the dominate driver for these increases, with the average daily rate reaching \$896 this month and completing a three-month stretch of exceptionally high pricing for accommodations within the City.

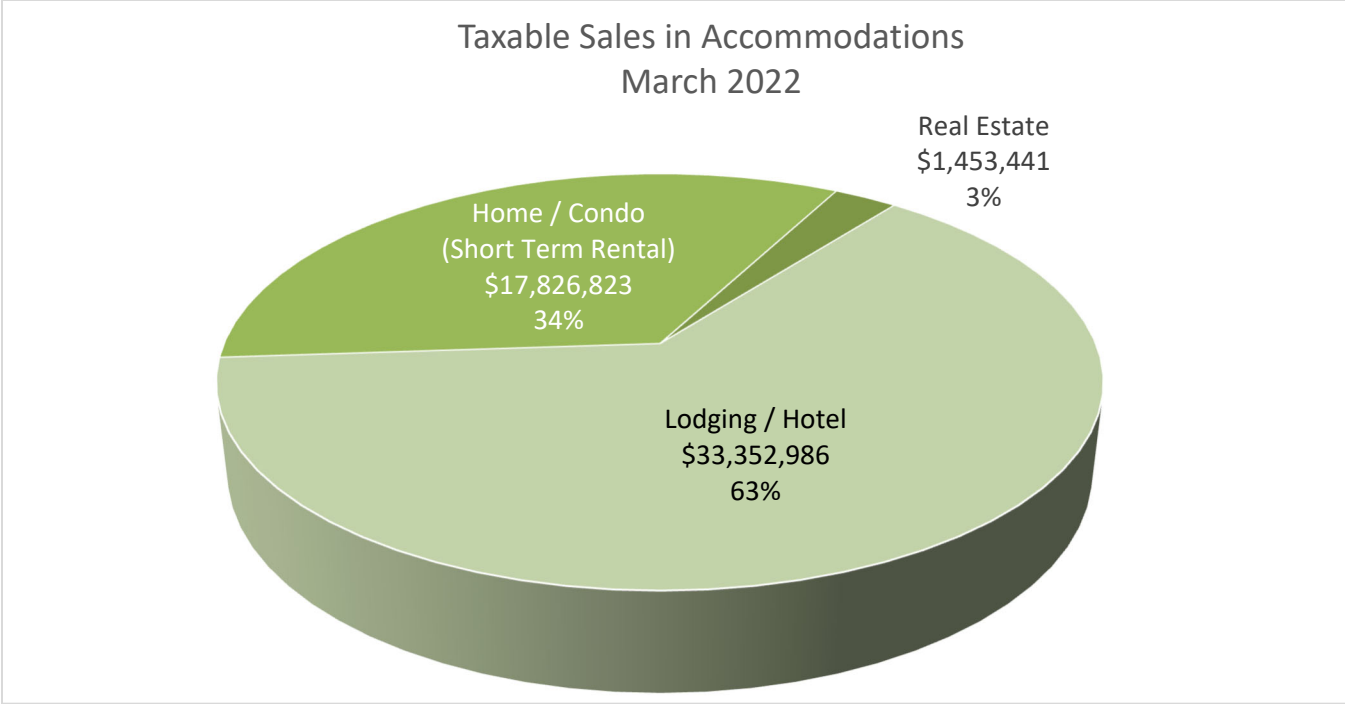


Short-Term Rentals

Staff continues to work through robust stakeholder feedback and Council direction and is tackling a draft ordinance aimed at addressing improved regulation, compliance, education and enforcement of a community balanced short-term rental industry. First reading of this new ordinance is targeted for May 24, with second reading scheduled a month later. Passage of an ordinance on this timeline will allow for final adoption well in advance of the September 30th expiration of the current moratorium.

With this on the horizon, the Council has also begun discussing the possibility of a new short-term rental industry excise tax, with a possible ask for voter approval as early as November 2022. While there is no defined rate at this time, the Council did identify that affordable housing and other community capital infrastructure and environmental impacts could be addressed with this new tax revenue. A second work session on this topic is scheduled for June 7 to further specify the aspects of a new taxing structure and its use.

Focusing in on the present financials around this industry, March experience reflects that roughly one-third of all lodging industry sales occurred within short-term rental offerings, equating to just shy of \$18 million in taxable sales last month.



City Share of County Sales Tax:

The City of Aspen’s allocated portion of Pitkin County’s 2.0% sales tax for the month of February 2022 was up nearly 62% relative to the same month in 2021. This growth is tracking slightly below the City of Aspen’s own sales tax collection experience and is due to the broader diversity in the larger Pitkin County economy, where some sectors have not grown as quickly as the pillar sectors of Aspen’s economy (those being lodging and restaurants/bars).

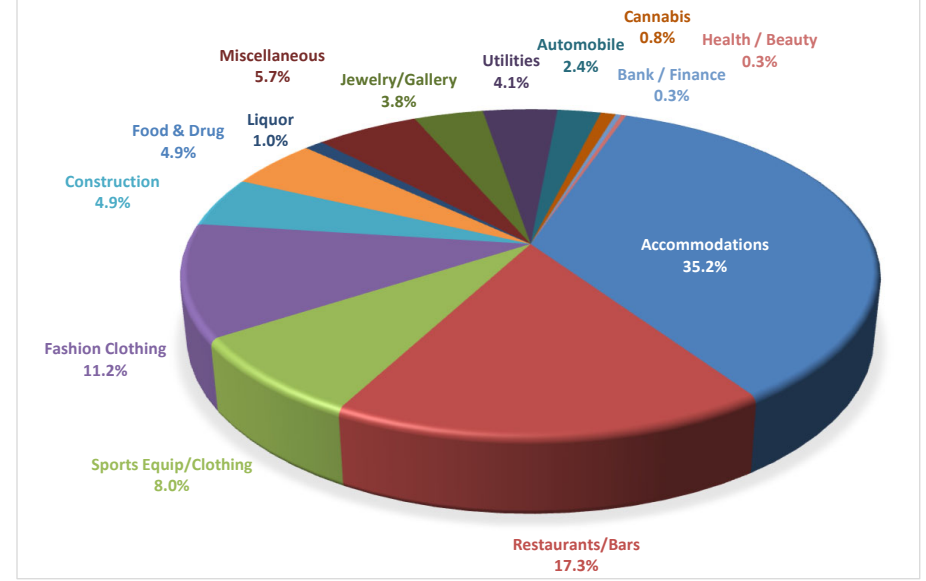
Real Estate Transfer Taxes:

Through the first four months of the year, volume of sales remains muted (down roughly 20%), yet overall collections are pacing 18% ahead of the aggregate collections one year prior. This disparity highlights that it is the impact of less frequent but highly valued transactions that are driving the overall collection growth, consistent with the otherwise low real estate market inventory that is someday anticipated to dampen new RETT collections for a period of time.

City of Aspen Retail Sales by Industry
March 2022

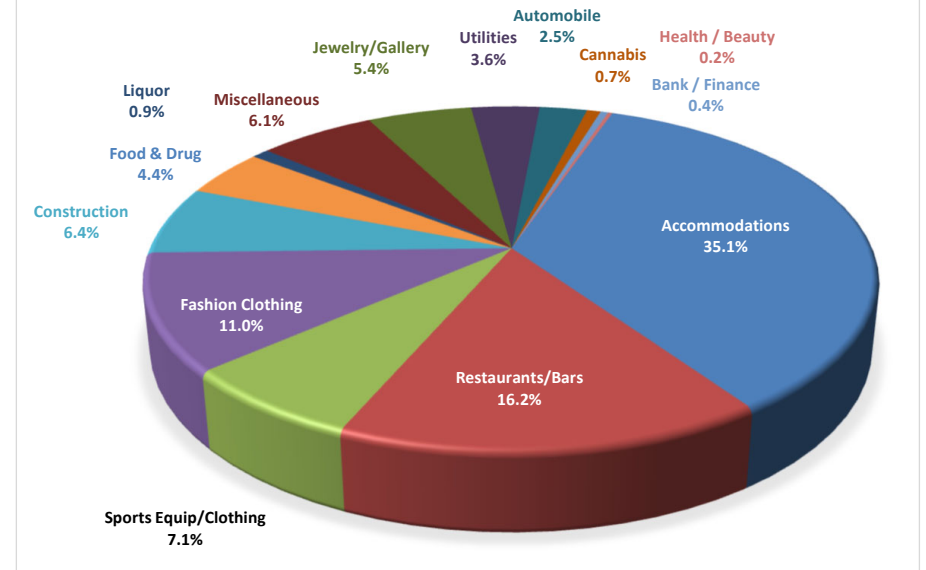
Year To Date Retail Sales

<u>Category</u>	<u>Retail Sales</u>	<u>% of Total Retail Sales</u>	<u>% Change to 2021</u>
Accommodations	\$138,738,805	35.2%	131.0%
Restaurants/Bars	\$68,269,222	17.3%	121.1%
Sports Equip/Clothing	\$31,616,592	8.0%	31.4%
Fashion Clothing	\$44,104,708	11.2%	70.8%
Construction	\$19,460,696	4.9%	(0.6%)
Food & Drug	\$19,263,396	4.9%	19.4%
Liquor	\$4,055,277	1.0%	6.8%
Miscellaneous	\$22,286,248	5.7%	7.4%
Jewelry/Gallery	\$14,957,496	3.8%	70.7%
Utilities	\$16,143,534	4.1%	4.6%
Automobile	\$9,421,891	2.4%	23.6%
Cannabis	\$3,247,633	0.8%	(2.5%)
Bank / Finance	\$1,210,598	0.3%	17.8%
Health / Beauty	\$1,099,489	0.3%	(18.8%)
Total	\$393,875,585	100.0%	65.1%



March Monthly Retail Sales

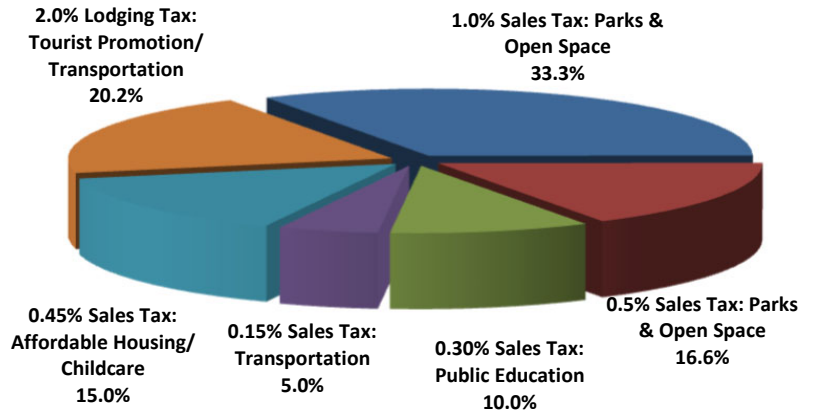
<u>Category</u>	<u>Retail Sales</u>	<u>% of Total Retail Sales</u>	<u>% Change to 2021</u>
Accommodations	\$52,633,250	35.1%	80.9%
Restaurants/Bars	\$24,266,015	16.2%	143.2%
Sports Equip/Clothing	\$10,643,974	7.1%	(14.3%)
Fashion Clothing	\$16,486,310	11.0%	46.1%
Construction	\$9,609,755	6.4%	(3.7%)
Food & Drug	\$6,672,862	4.4%	11.1%
Liquor	\$1,355,846	0.9%	(0.2%)
Miscellaneous	\$9,156,195	6.1%	(7.6%)
Jewelry/Gallery	\$8,170,388	5.4%	100.4%
Utilities	\$5,375,254	3.6%	(8.9%)
Automobile	\$3,712,075	2.5%	24.3%
Cannabis	\$1,073,802	0.7%	(15.6%)
Bank / Finance	\$597,800	0.4%	12.1%
Health / Beauty	\$341,668	0.2%	(46.9%)
Total	\$150,095,194	100.0%	42.3%



**City of Aspen Sales and Lodging Tax
March 2022**

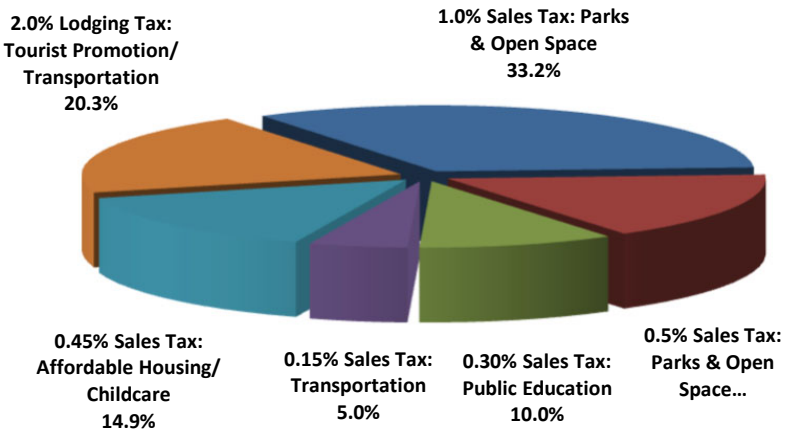
Year To Date Tax Collections

Tax Type	YTD Taxes Collected	% YTD Taxes
1.0% Sales Tax: Parks & Open Space	\$3,920,932.22	33.3%
0.5% Sales Tax: Parks & Open Space	\$1,960,461.78	16.6%
0.30% Sales Tax: Public Education	\$1,176,968.65	10.0%
0.15% Sales Tax: Transportation	\$588,143.97	5.0%
0.45% Sales Tax: Affordable Housing/ Childcare	\$1,764,413.15	15.0%
2.0% Lodging Tax: Tourist Promotion/ Transportation	<u>\$2,378,867.81</u>	<u>20.2%</u>
Total	\$11,789,787.58	100%



March Monthly Tax Collections

Tax Type	Monthly Taxes Collected	% Monthly Taxes
1.0% Sales Tax: Parks & Open Space	\$1,481,268.30	33.2%
0.5% Sales Tax: Parks & Open Space	\$740,632.07	16.6%
0.30% Sales Tax: Public Education	\$444,673.94	10.0%
0.15% Sales Tax: Transportation	\$222,191.86	5.0%
0.45% Sales Tax: Affordable Housing/ Childcare	\$666,567.94	14.9%
2.0% Lodging Tax: Tourist Promotion/ Transportation	<u>\$905,193.36</u>	<u>20.3%</u>
Total	\$4,460,527.47	100%

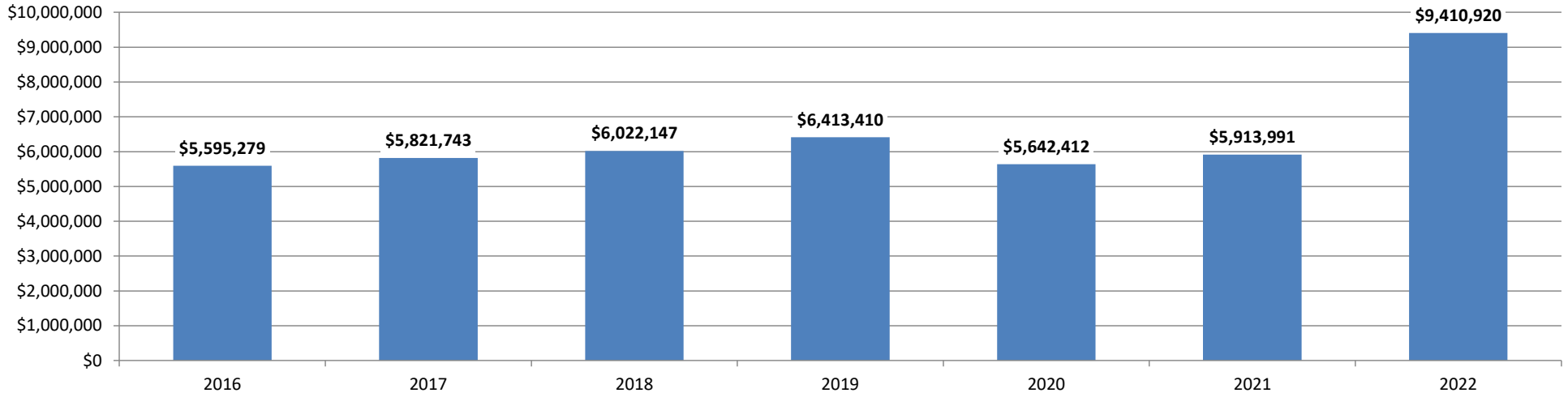


City of Aspen Sales Tax 2.4%
March 2022

Current Month Revenues are 34.4% above last year's Monthly Revenues.
Year To Date Revenues are 44.7% above Year To Date Budgeted Revenues.
Year To Date Revenues are 59.1% above last year's Actual Year To Date Revenues.

<u>Month</u>	<u>2022 Monthly Budget vs. 2022 Actual</u>			<u>2022 YTD Budget vs. 2022 Actual</u>			<u>2022 vs. 2021</u>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2021 Monthly</u>	<u>Variance</u>	<u>2021 YTD</u>	<u>Variance</u>
Jan	\$2,201,800	\$2,829,557	28.5%	\$2,201,800	\$2,829,557	28.5%	\$1,594,720	77.4%	\$1,594,720	77.4%
Feb	\$2,008,000	\$3,026,029	50.7%	\$4,209,800	\$5,855,586	39.1%	\$1,673,483	80.8%	\$3,268,203	79.2%
Mar	\$2,295,400	\$3,555,334	54.9%	\$6,505,200	\$9,410,920	44.7%	\$2,645,788	34.4%	\$5,913,991	59.1%
Apr	\$836,900			\$7,342,100			\$1,117,415		\$7,031,407	
May	\$701,600			\$8,043,700			\$964,724		\$7,996,131	
June	\$1,698,200			\$9,741,900			\$2,213,718		\$10,209,848	
July	\$2,176,500			\$11,918,400			\$3,058,702		\$13,268,550	
Aug	\$1,843,600			\$13,762,000			\$2,493,158		\$15,761,708	
Sept	\$1,590,300			\$15,352,300			\$2,536,858		\$18,298,565	
Oct	\$941,300			\$16,293,600			\$1,549,662		\$19,848,228	
Nov	\$809,700			\$17,103,300			\$1,149,543		\$20,997,771	
Dec	\$2,960,000			\$20,063,300			\$3,511,405		\$24,509,175	

Actual Collections Year To Date Through March

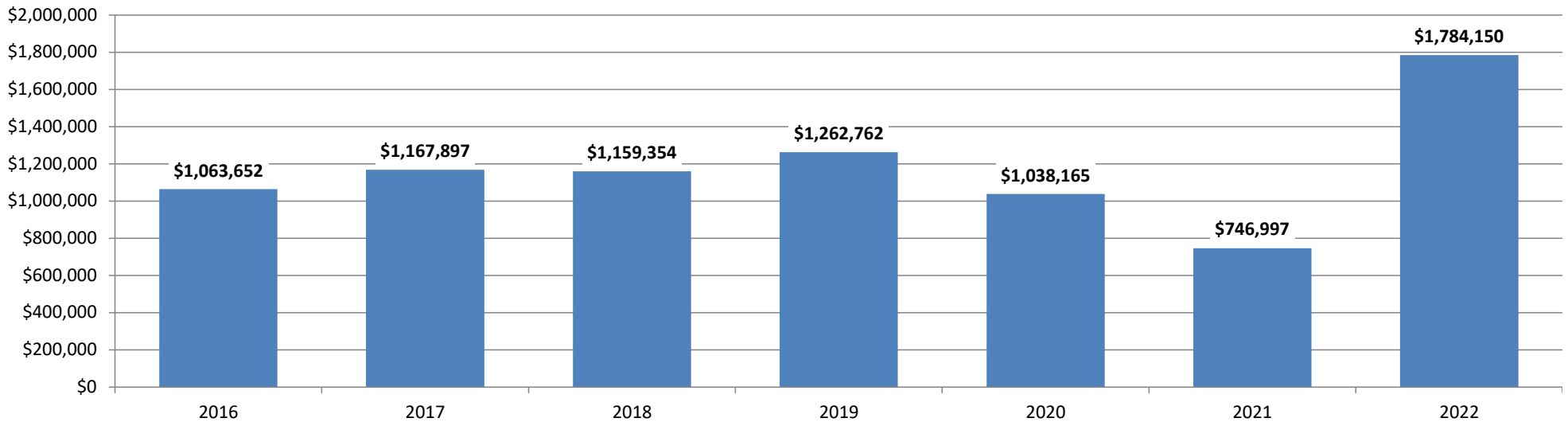


**City of Aspen Tourist Promotion 1.5% Lodging Tax (0.5% Rate for 2010 and Prior)
March 2022**

Current Month Revenues are **83.7%** above last year's Monthly Revenues.
 Year To Date Revenues are **37.4%** above Year To Date Budgeted Revenues.
 Year To Date Revenues are **138.8%** above last year's Actual Year To Date Revenues.

2022 Monthly Budget vs. 2022 Actual				2022 YTD Budget vs. 2022 Actual			2022 vs. 2021			
Month	Budget	Actual	Variance	Budget	Actual	Variance	2021 Monthly	Variance	2021 YTD	Variance
Jan	\$446,300	\$526,967	18.1%	\$446,300	\$526,967	18.1%	\$168,712	212.3%	\$168,712	212.3%
Feb	\$410,500	\$578,288	40.9%	\$856,800	\$1,105,256	29.0%	\$208,731	177.0%	\$377,443	192.8%
Mar	\$442,000	\$678,895	53.6%	\$1,298,800	\$1,784,150	37.4%	\$369,554	83.7%	\$746,997	138.8%
Apr	\$66,200			\$1,365,000			\$88,271		\$835,268	
May	\$51,800			\$1,416,800			\$50,893		\$886,160	
June	\$225,700			\$1,642,500			\$231,840		\$1,118,001	
July	\$327,800			\$1,970,300			\$429,454		\$1,547,455	
Aug	\$265,500			\$2,235,800			\$328,132		\$1,875,586	
Sept	\$176,800			\$2,412,600			\$324,107		\$2,199,693	
Oct	\$87,200			\$2,499,800			\$166,860		\$2,366,553	
Nov	\$68,700			\$2,568,500			\$97,749		\$2,464,302	
Dec	\$514,000			\$3,082,500			\$666,832		\$3,131,133	

Actual Collections Year To Date Through March

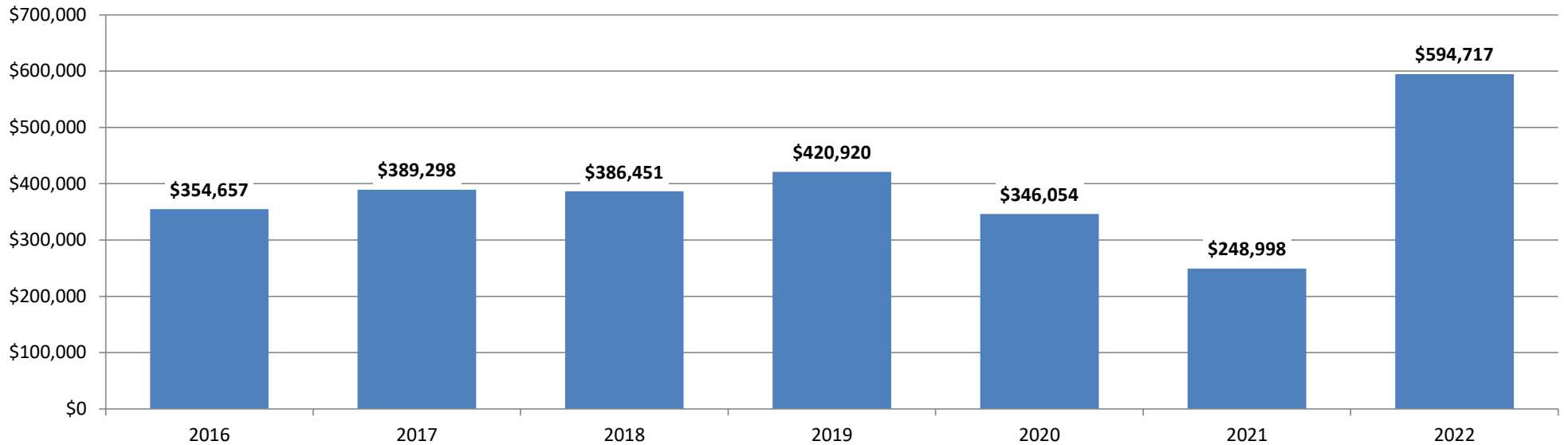


**City of Aspen Transportation 0.5% Lodging Tax
March 2022**

Current Month Revenues are 83.7% above last year's Monthly Revenues.
Year To Date Revenues are 37.4% above Year To Date Budgeted Revenues.
Year To Date Revenues are 138.8% above last year's Actual Year To Date Revenues.

<u>Month</u>	<u>2022 Monthly Budget vs. 2022 Actual</u>			<u>2022 YTD Budget vs. 2022 Actual</u>			<u>2022 vs. 2021</u>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2021 Monthly</u>	<u>Variance</u>	<u>2021 YTD</u>	<u>Variance</u>
Jan	\$148,800	\$175,656	18.0%	\$148,800	\$175,656	18.0%	\$56,237	212.3%	\$56,237	212.3%
Feb	\$136,800	\$192,763	40.9%	\$285,600	\$368,419	29.0%	\$69,577	177.1%	\$125,813	192.8%
Mar	\$147,300	\$226,298	53.6%	\$432,900	\$594,717	37.4%	\$123,184	83.7%	\$248,998	138.8%
Apr	\$22,100			\$455,000			\$29,424		\$278,421	
May	\$17,300			\$472,300			\$16,964		\$295,386	
June	\$75,200			\$547,500			\$77,280		\$372,666	
July	\$109,300			\$656,800			\$143,151		\$515,817	
Aug	\$88,500			\$745,300			\$109,377		\$625,195	
Sept	\$58,900			\$804,200			\$108,036		\$733,231	
Oct	\$29,100			\$833,300			\$55,620		\$788,851	
Nov	\$22,900			\$856,200			\$32,583		\$821,434	
Dec	\$171,300			\$1,027,500			\$222,278		\$1,043,711	

Actual Collections Year To Date Through March

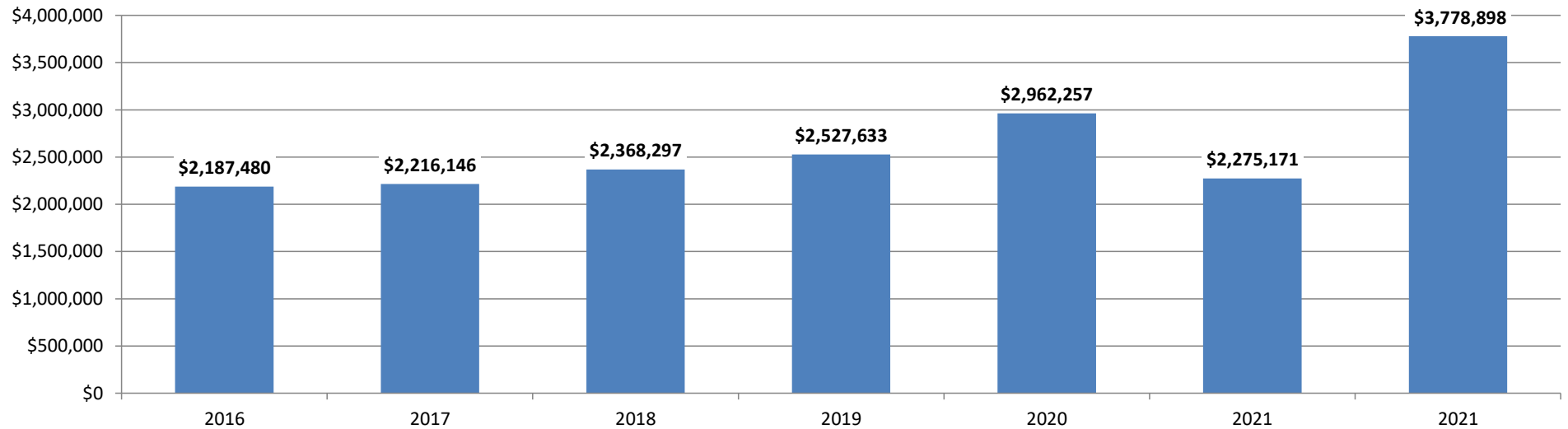


**City of Aspen Portion of Pitkin County 3.6% Sales Tax
February 2022**

Current Month Revenues are 61.7% above last year's Monthly Revenues.
Year To Date Revenues are 11.4% above Year To Date Budgeted Revenues.
Year To Date Revenues are 66.1% above last year's Actual Year To Date Revenues.

Month	2022 Monthly Budget vs. 2022 Actual			2022 YTD Budget vs. 2022 Actual			2022 vs. 2021			
	Budget	Actual	Variance	Budget	Actual	Variance	2021 Monthly	Variance	2021 YTD	Variance
Jan	\$1,761,000	\$1,865,160	5.9%	\$1,761,000	\$1,865,160	5.9%	\$1,092,020	70.8%	\$ 1,092,020	70.8%
Feb	\$1,631,000	\$1,913,738	17.3%	\$3,392,000	\$3,778,898	11.4%	\$1,183,150	61.7%	\$ 2,275,171	66.1%
Mar	\$1,689,000			\$5,081,000			\$1,515,832		\$ 3,791,002	
Apr	\$660,000			\$5,741,000			\$817,669		\$ 4,608,671	
May	\$482,000			\$6,223,000			\$665,386		\$ 5,274,058	
June	\$1,035,000			\$7,258,000			\$1,218,669		\$ 6,492,727	
July	\$1,394,000			\$8,652,000			\$1,694,768		\$ 8,187,494	
Aug	\$1,244,000			\$9,896,000			\$1,427,495		\$ 9,614,989	
Sept	\$1,024,000			\$10,920,000			\$1,321,660		\$ 10,936,649	
Oct	\$657,000			\$11,577,000			\$1,004,489		\$ 11,941,138	
Nov	\$686,000			\$12,263,000			\$867,346		\$ 12,808,484	
Dec	\$1,903,000			\$14,166,000			\$2,051,774		\$ 14,860,258	

Actual Collections Year To Date Through February

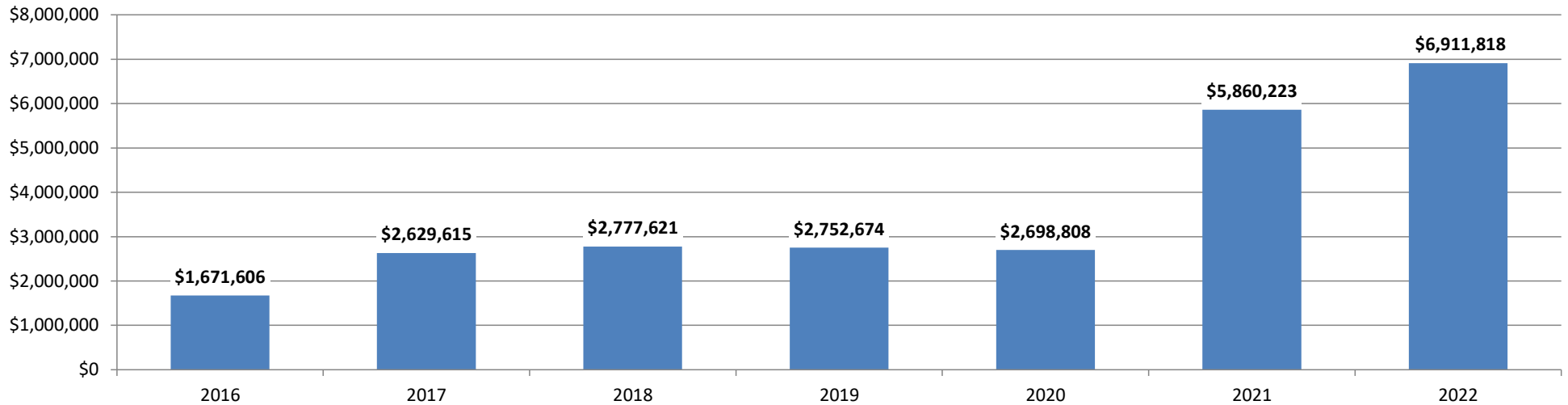


**Housing Real Estate Transfer Tax
April 2022**

Current Month Revenues are (45.1%) below last year's Monthly Revenues.
Year To Date Revenues are 191.4% above Year To Date Budgeted Revenues.
Year To Date Revenues are 17.9% above last year's Actual Year To Date Revenues.

Month	2022 Monthly Budget vs. 2022 Actual			2022 YTD Budget vs. 2022 Actual			2022 vs. 2021			
	Budget	Actual	Variance	Budget	Actual	Variance	2021 Monthly	Variance	2021 YTD	Variance
Jan	\$566,000	\$1,471,810	160.0%	\$566,000	\$1,471,810	160.0%	\$1,602,114	(8.1%)	\$1,602,114	(8.1%)
Feb	\$530,000	\$1,546,799	191.8%	\$1,096,000	\$3,018,609	175.4%	\$711,920	117.3%	\$2,314,034	30.4%
Mar	\$556,000	\$2,656,014	377.7%	\$1,652,000	\$5,674,623	243.5%	\$1,294,339	105.2%	\$3,608,373	57.3%
Apr	\$720,000	\$1,237,195	71.8%	\$2,372,000	\$6,911,818	191.4%	\$2,251,850	(45.1%)	\$5,860,223	17.9%
May	\$728,000			\$3,100,000			\$1,070,000		\$6,930,223	
June	\$691,000			\$3,791,000			\$1,377,685		\$8,307,908	
July	\$494,000			\$4,285,000			\$919,840		\$9,227,748	
Aug	\$675,000			\$4,960,000			\$1,904,684		\$11,132,432	
Sept	\$960,000			\$5,920,000			\$1,891,643		\$13,024,074	
Oct	\$829,000			\$6,749,000			\$2,571,511		\$15,595,585	
Nov	\$565,000			\$7,314,000			\$2,041,431		\$17,637,016	
Dec	\$686,000			\$8,000,000			\$3,454,185		\$21,091,202	

Actual Collections Year To Date Through April



**Wheeler Opera House Real Estate Transfer Tax
April 2022**

Current Month Revenues are **(44.3%)** below last year's Monthly Revenues.
 Year To Date Revenues are **197.8%** above Year To Date Budgeted Revenues.
 Year To Date Revenues are **17.8%** above last year's Actual Year To Date Revenues.

Month	2022 Monthly Budget vs. 2022 Actual			2022 YTD Budget vs. 2022 Actual			2022 vs. 2021			
	Budget	Actual	Variance	Budget	Actual	Variance	2021 Monthly	Variance	2021 YTD	Variance
Jan	\$285,000	\$782,223	174.5%	\$285,000	\$782,223	174.5%	\$828,882	(5.6%)	\$828,882	(5.6%)
Feb	\$273,000	\$788,144	188.7%	\$558,000	\$1,570,367	181.4%	\$370,913	112.5%	\$1,199,795	30.9%
Mar	\$280,000	\$1,350,338	382.3%	\$838,000	\$2,920,704	248.5%	\$672,890	100.7%	\$1,872,685	56.0%
Apr	\$358,000	\$641,488	79.2%	\$1,196,000	\$3,562,192	197.8%	\$1,152,214	(44.3%)	\$3,024,899	17.8%
May	\$373,000			\$1,569,000			\$559,092		\$3,583,990	
June	\$343,000			\$1,912,000			\$707,695		\$4,291,686	
July	\$245,000			\$2,157,000			\$480,929		\$4,772,615	
Aug	\$338,000			\$2,495,000			\$982,807		\$5,755,422	
Sept	\$477,000			\$2,972,000			\$970,454		\$6,725,875	
Oct	\$409,000			\$3,381,000			\$1,321,834		\$8,047,709	
Nov	\$288,000			\$3,669,000			\$1,050,147		\$9,097,856	
Dec	\$331,000			\$4,000,000			\$1,751,029		\$10,848,886	

Actual Collections Year To Date Through April

