

City of Shoreline
 July 2014 Sales Tax, Real Estate Excise Tax, Development Revenue Report

Revenue Source	Period	Page
Sales Tax		
All Sales Tax	December 2013 – May 2014	2-3
<i>Table 1: All Sales Tax – Variance by Month</i>		
<i>Table 2: All Sales Tax – Primary Categories</i>		
<i>Chart 1: Sales Tax</i>		
Retail Trade	December 2013 – May 2014	4
<i>Chart 2: Retail Trade</i>		
<i>Table 3: Retail Trade Categories</i>		
Construction	December 2013 – May 2014	5
<i>Chart 3: Construction Sector (Total Receipts)</i>		
<i>Chart 4: Construction Sector (Net of One-Time)</i>		
Revised Projection		6-7
<i>Chart 5: 2014 Budget Local Sales & Use Tax Projection</i>		
<i>Chart 6: Retail Trade Sector</i>		
<i>Table 4: Comparison of 2014 Revised Projection to 2014 Budget and 2013 Actual</i>		
<i>Table 5: 2014 Quarterly Projections</i>		
<i>Chart 7: Total Sales Tax</i>		
Real Estate Excise Tax		
REET Collections		
Actual vs. Budget Projection	January – July 2014	8
<i>Table 6a: REET Collections</i>		
<i>Chart 8a: REET Collections</i>		
<i>Chart 9a: REET Collections by Category</i>		
Actual vs. Revised Projection	January – July 2014	9
<i>Table 6b: REET Collections</i>		
<i>Chart 8b: REET Collections</i>		
<i>Chart 9b: REET Collections by Category</i>		
REET Transactions	January – July 2014	10-11
<i>Table 7: REET Sales</i>		
<i>Table 8: 2014 REET Sales by Category</i>		
<i>Chart 10a: July SFR Sales Values</i>		
<i>Chart 10b: YTD 2014 SFR Sales Values</i>		
<i>Table 9: REET Sales > \$1 Million</i>		
Development		
Permit Count by Type	January – July 2014	12
<i>Table 10: Permit Count by Type</i>		
<i>Chart 11: Permit Count by Type</i>		
Revenue Received by Permit Type	January – July 2014	12
<i>Chart 12: Revenue Received by Type</i>		
<i>Chart 13: Percentage of 2014 Revenue Received by Type</i>		
Issued Building Permits and Valuation	January – July 2014	12
<i>Table 11: 2014 Issued Building Permits and Valuation</i>		

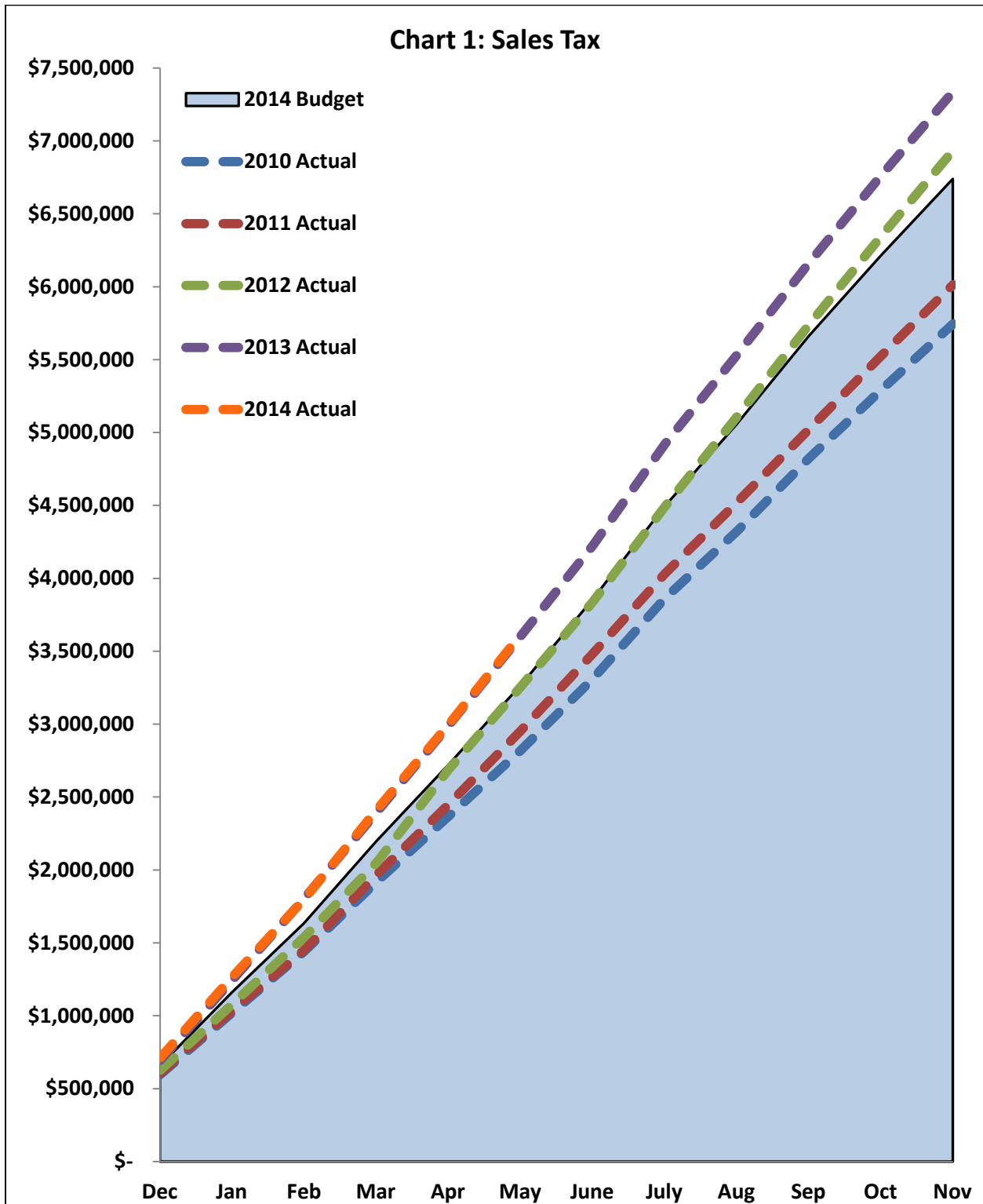
All Sales Tax:

Total sales tax receipts for the month of July 2014, which reflects activity from May 2014, are higher than the budget projection by \$72,786, or 13.4% and the year-ago level by \$3,792, or 0.6% (See Table 1). Year-to-date receipts are higher than the budget projection by \$349,316, or 10.7%, and the year-ago level by \$11,179, or 0.3%.

Table 2 below illustrates that receipts in three of the primary categories are higher compared to their year-ago level; however, receipts in the Construction category are lower since large one-time projects are generating less sales tax than they did in prior years as they come to a close. It is important to note that staff was expecting that receipts from construction would be lower, which is why future reports may show total receipts near, or possibly ahead of, projections, but close to, or possibly lower than, the year-ago level (See Charts 3 and 4).

Table 1: All Sales Tax - Variance by Month							
Month of Activity	2014				2013		
	Budget	Actual	Actual v. Budget \$ Variance	Actual v. Budget % Variance	Actual	2014 v. 2013 \$ Variance	2014 v. 2013 % Variance
December (Prior Yr)	\$657,988	\$712,174	\$54,186	8.2%	\$695,645	\$16,529	2.4%
January	503,142	554,366	51,223	10.2%	547,817	6,548	1.2%
February	474,326	533,674	59,349	12.5%	561,895	(28,221)	-5.0%
March	560,618	609,471	48,853	8.7%	587,503	21,968	3.7%
April	524,197	587,117	62,920	12.0%	596,554	(9,437)	-1.6%
May	543,908	616,693	72,786	13.4%	612,901	3,792	0.6%
Totals	\$3,264,179	\$3,613,495	\$349,317	10.7%	\$3,602,316	\$11,180	0.3%
Totals may not foot due to rounding.							

Table 2: All Sales Tax - Primary Categories December - May					
Primary Category	2010	2011	2012	2013	2014
Construction	\$269,635	\$285,168	\$549,742	\$659,914	\$514,953
\$ Variance	(\$241,935)	\$15,533	\$264,574	\$110,172	(\$144,961)
% Variance	-47.3%	5.8%	92.8%	20.0%	-22.0%
Retail Trade	\$1,816,818	\$1,889,543	\$1,980,393	\$2,155,230	\$2,219,463
\$ Variance	\$24,403	\$72,725	\$90,850	\$174,837	\$64,232
% Variance	1.4%	4.0%	4.8%	8.8%	3.0%
Hotels / Restaurant	\$184,736	\$187,017	\$190,307	\$204,064	\$214,948
\$ Variance	\$5,327	\$2,281	\$3,290	\$13,757	\$10,884
% Variance	3.0%	1.2%	1.8%	7.2%	5.3%
All Others	\$546,940	\$590,651	\$534,409	\$583,107	\$664,132
\$ Variance	\$33,257	\$43,711	(\$56,242)	\$48,698	\$81,025
% Variance	6.5%	8.0%	-9.5%	9.1%	13.9%
Total Revenue	\$2,818,129	\$2,952,379	\$3,254,851	\$3,602,316	\$3,613,495
\$ Variance	(\$178,948)	\$134,250	\$302,472	\$347,465	\$11,180
% Variance	-6.0%	4.8%	10.2%	10.7%	0.3%



Retail Trade:

Receipts from activity for May 2014 total \$382,697 and are higher than the budget projection by 9.9%, and the year-ago level by 3.6%. Year-to-date receipts are higher than the budget projection by 6.2% and the year-ago level by 3.0% (See Table 3).

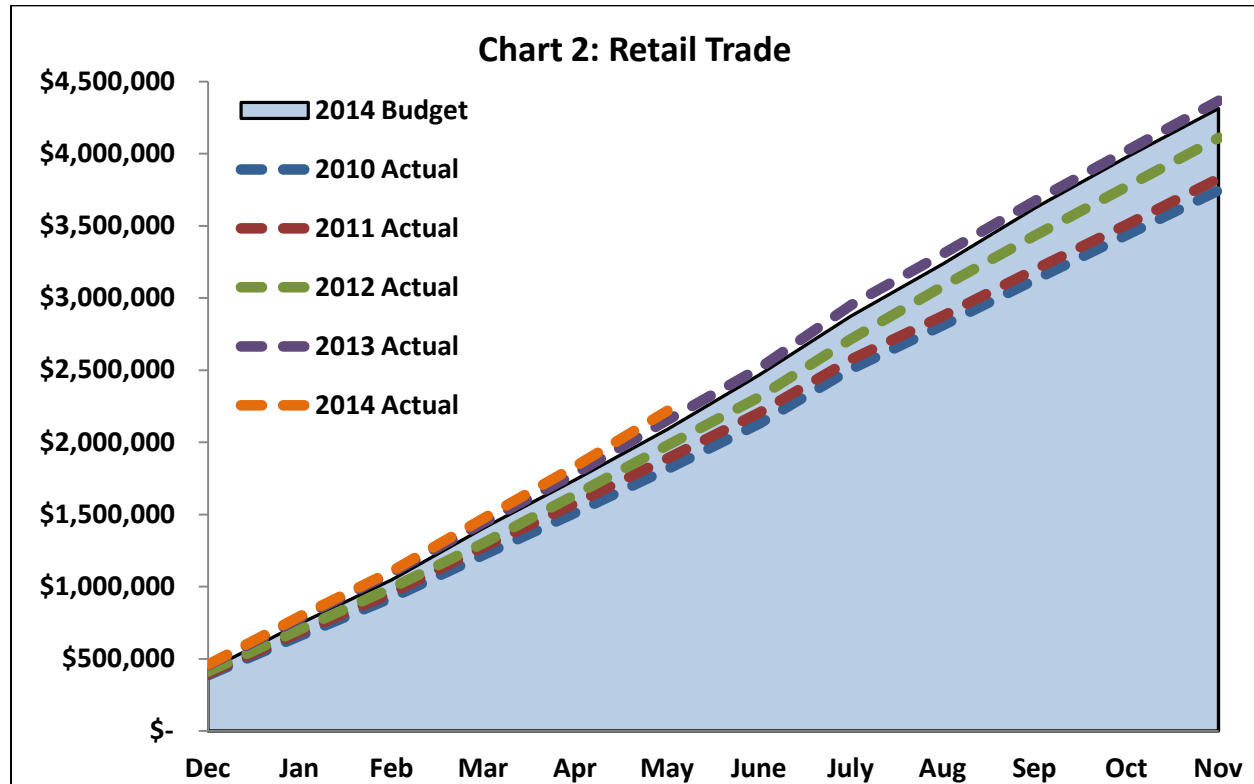
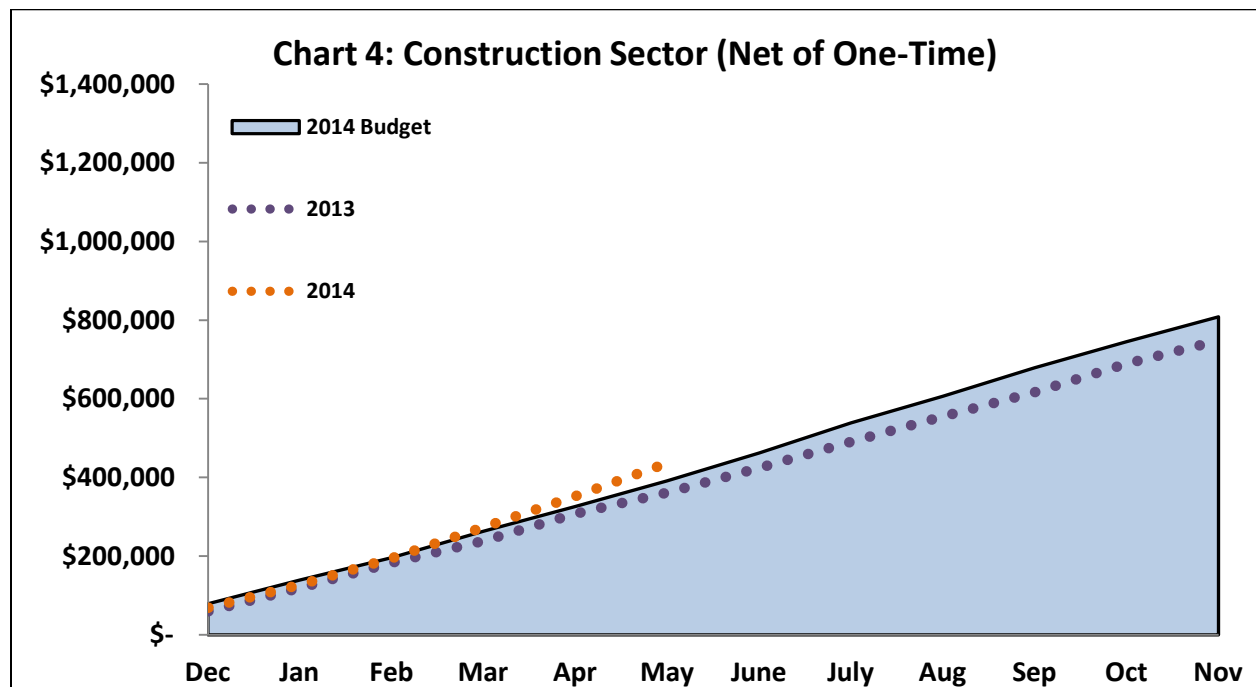
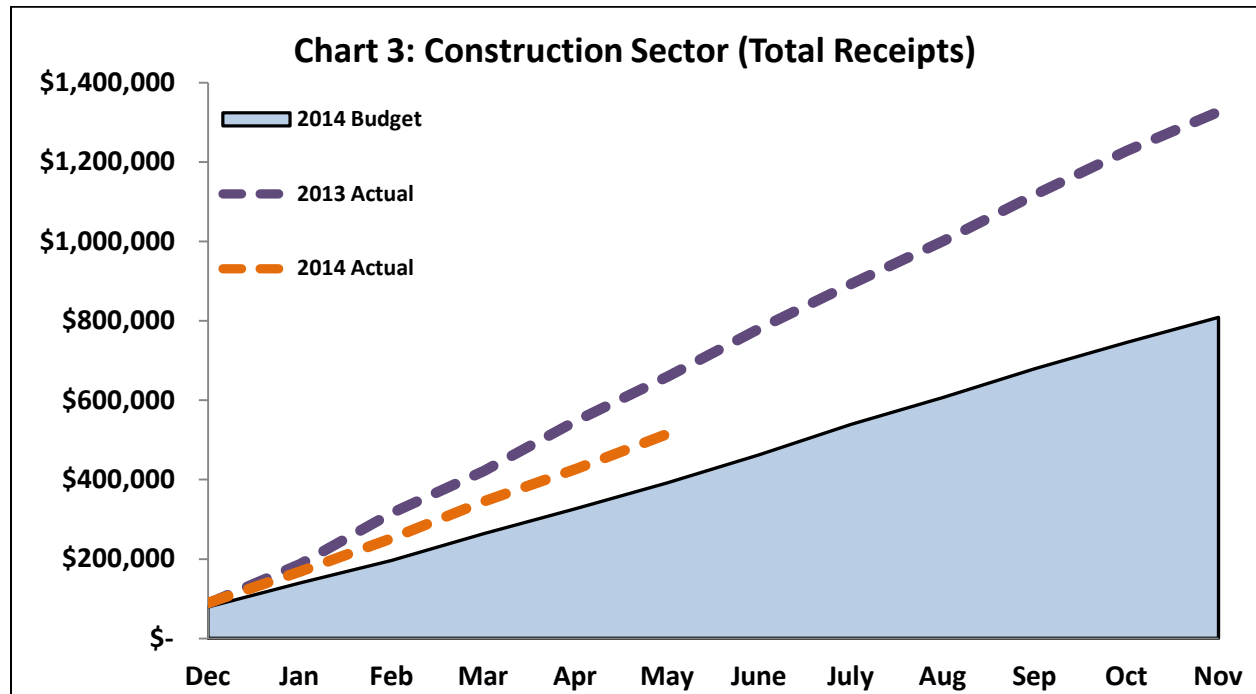


Table 3: Retail Trade Categories December - May					
Category	2012	2013 v. 2012 % Variance	2013	2014	2014 v. 2013 % Variance
Motor Veh. & Parts Dealer	\$493,379	12.9%	\$556,786	\$609,990	9.6%
Furniture & Home Furnishings	25,393	5.9%	26,884	31,595	17.5%
Electronics & Appliances	47,584	-2.3%	46,511	43,621	-6.2%
Building Material & Garden	274,968	15.8%	318,463	323,700	1.6%
Food & Beverage Stores	129,013	0.3%	129,338	125,001	-3.4%
Health & Personal Care Stores	75,300	8.2%	81,477	83,319	2.3%
Gasoline Stations	36,005	1.9%	36,678	36,408	-0.7%
Clothing & Accessories	22,391	7.4%	24,044	24,612	2.4%
Sporting Goods, Hobby, Books	39,799	-4.3%	38,097	41,131	8.0%
General Merchandise Stores	646,025	7.0%	691,363	681,497	-1.4%
Miscellaneous Store Retailers	127,846	1.2%	129,408	130,825	1.1%
Nonstore Retailers	62,690	21.5%	76,182	87,761	15.2%
Total Retail Trade	\$1,980,393	8.8%	\$2,155,230	\$2,219,463	3.0%

Construction:

Receipts from activity for May 2014 total \$88,607 and are lower than the year-ago level by 21.1%. Receipts from activity for the period of December 2013 through May 2014 are lower than the year-ago level by 22.0% (See Table 2 and Chart 3). Of the amount collected so far this year, \$78,176, or 15.2%, is attributable to one-time activity. Of the amount collected for the same period of 2013, \$298,154, or 45.2%, was attributable to one-time activity. Removing one-time activity from the calculation reveals receipts are higher than the projection by 11.5% and the year-ago level by 20.7% (See Chart 4).

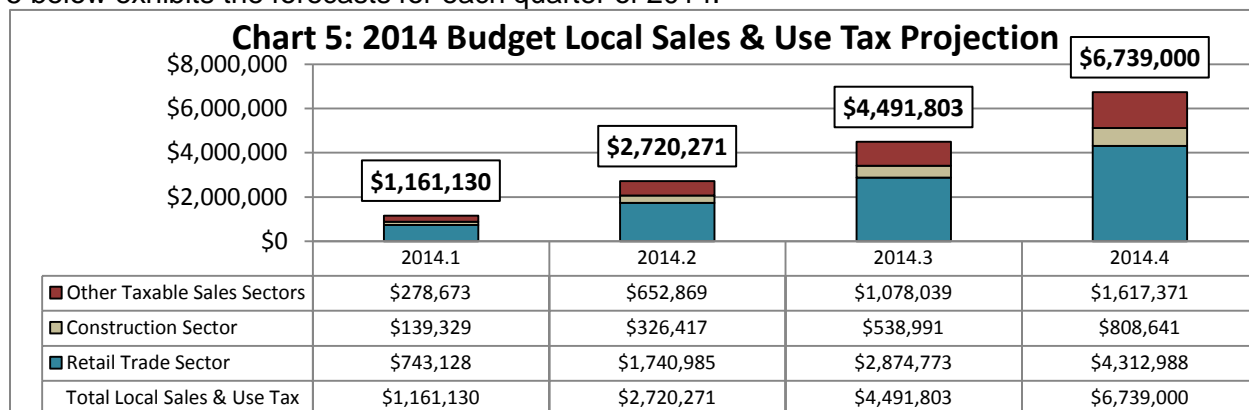


Revised Projection:

How the 2014 Budget Projection was Derived:

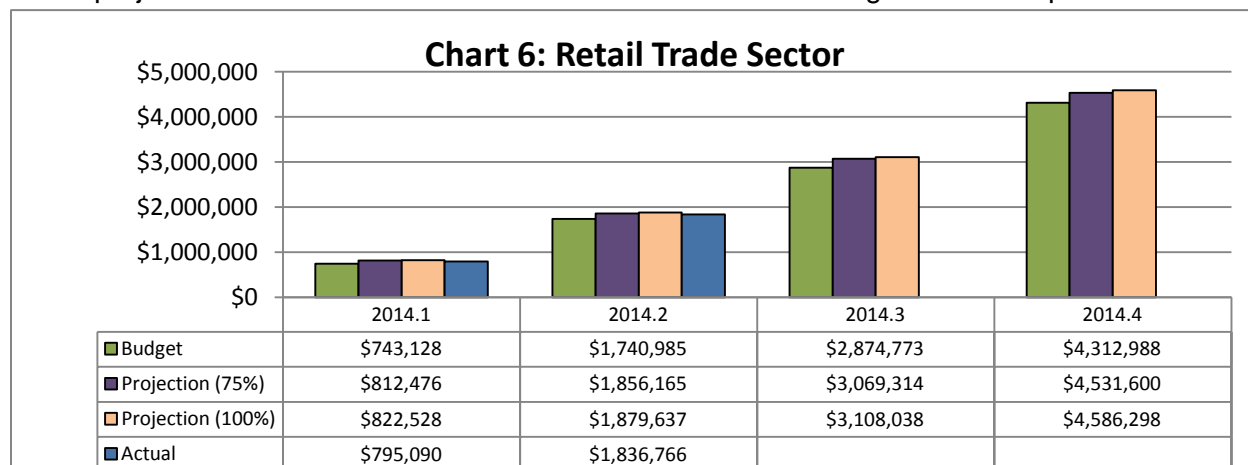
The forecast developed each year has historically used 75% of the Retail Trade Sector growth assumptions contained in the Annual Forecast table provided by The Puget Sound Economic Forecaster (PSEF). Historically, the six-year forecast assumed total Local Sales & Use Tax receipts would be comprised as follows: 66% Retail Trade, 11.26% Construction, and 22.74% all other taxable sales sectors. Since activity in the Construction Sector started picking up in 2012 the ten-year forecast produced for the 2014 budget projected total Local Sales & Use Tax receipts would be comprised as follows: 64.00% Retail Trade, 12.00% Construction, and 24.00% all other taxable sales sectors.

By employing the growth assumptions from the June 2013 PSEF Annual Forecast, Retail Trade Sector receipts were projected to total \$4,312,988. From this amount the projection for total Local Sales & Use Tax was derived to total \$6,739,000 ($\$4,312,988 \div 0.64 = \$6,739,013$). Chart 5 below exhibits the forecasts for each quarter of 2014.



Revised 2014 Projection:

PSEF also provides a Quarterly Forecast table. The June 2014 table was used to develop two revised projections for the Retail Trade Sector. The first is based on 75% of PSEF's growth assumptions (similar to the basis for the ten-year forecast) and the second is based on 100% of the assumptions. Chart 6 below exhibits the budget and revised projections (green, purple and beige bars) and compares them against the results for 2014 (blue bar). As actual receipts were within +7.0% of the budget projection and -3.0% of the revised projections staff will evaluate if future projections should continue to be based on 75% of PSEF's growth assumptions.

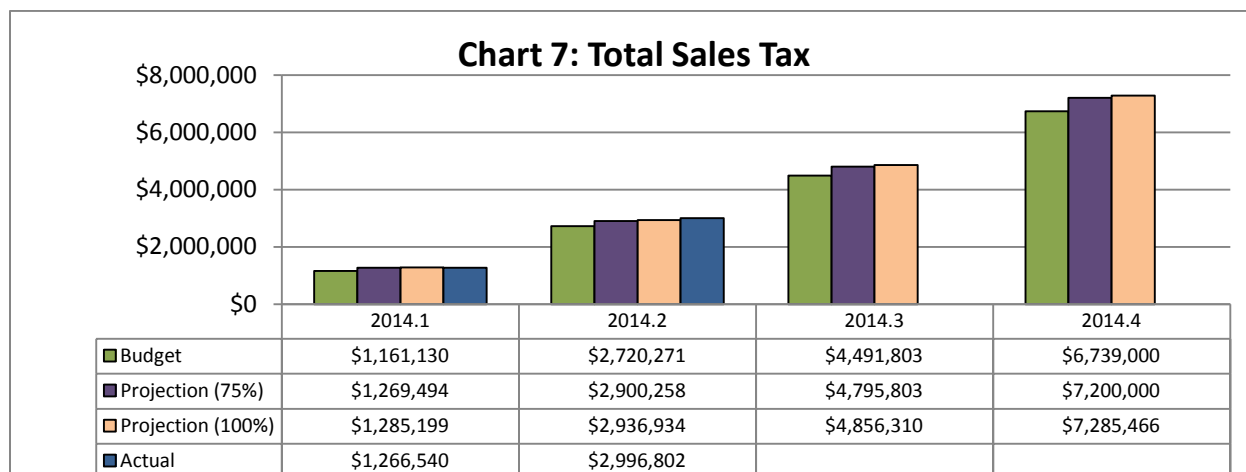


Using the same methodology and growth assumptions employed in the projection for the 2014 budget, coupled with the projections based on the growth assumptions from the June 2014 PSEF Quarterly Forecast for the Retail Trade Sector calculated at 75%, a revised 2014 projection was derived that totals \$7,200,000 (See Tables 4 and 5 and Chart 7 below).

The base level of Retail Trade Sector activity in this projection totals \$4,531,600, which is higher than the projection built into the 2014 budget and actual for 2013 by 5.1% and 3.8%, respectively (See Table 4). It was noted above that year-to-date receipts are higher than the budget projection by 6.2% and the year-ago level by 3.0% (See Table 3). The base level of Construction Sector activity in this projection totals \$849,675. Receipts in the Construction Sector through June 2014 total \$426,346. Of this amount, \$73,968, or 17.4%, is attributable to one-time construction activity. While it is difficult to project the amount of one-time construction activity left to occur in 2014, staff projects it will total \$119,375 (See Table 4).

Table 4: Comparison of 2014 Revised Projection to 2014 Budget and 2013 Actual						
Category	2013 Actual	2014 Budget	2014 Base	2014 Projected	2014P v. 2014B	2014P v. 2013A
Retail Trade Sector	\$4,367,503	\$4,312,988	\$4,531,600	\$4,531,600	5.1%	3.8%
Construction Sector	1,326,775	808,641	849,675	969,050	19.8%	-27.0%
Other Taxable Sales Sectors	1,642,528	1,617,371	1,699,350	1,699,350	5.1%	3.5%
Total Local Sales & Use Tax	\$7,336,806	\$6,739,000	\$7,080,625	\$7,200,000	6.8%	-1.9%
Totals may not foot due to rounding.						

Table 5: 2014 Quarterly Projections					
Category	2014 Budget	1Q Actual	2Q Actual	3Q Projected	4Q Projected
Retail Trade Sector	\$4,312,988	\$795,090	\$1,836,766	\$3,069,314	\$4,531,600
Construction Sector	808,641	168,515	426,346	575,496	969,050
Other Taxable Sales Sectors	1,617,371	302,935	733,690	1,150,993	1,699,350
Total Local Sales & Use Tax	\$6,739,000	\$1,266,540	\$2,996,802	\$4,795,803	\$7,200,000
Totals may not foot due to rounding.					



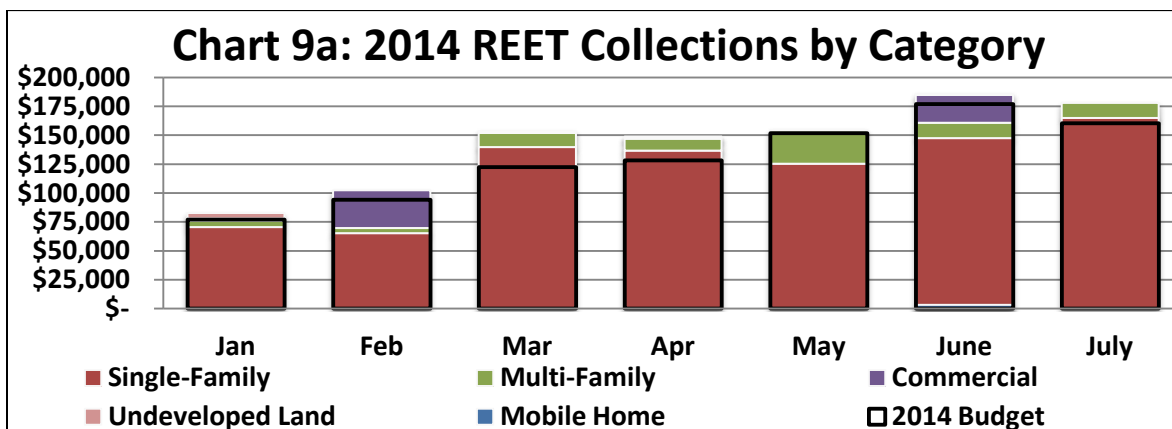
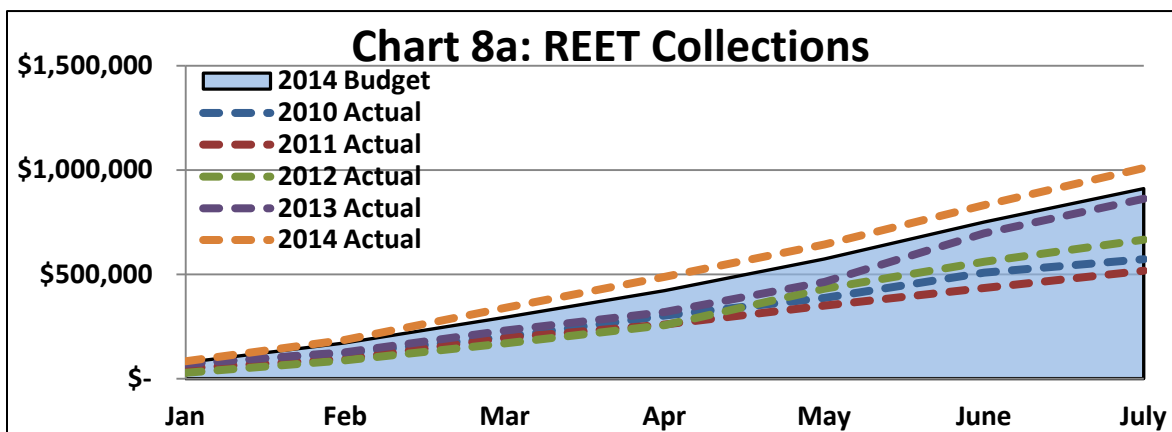
The revised projection of \$7,200,000 is \$461,000, or 6.8%, higher than the budget projection. Staff intends to use the revised projection for the remainder of 2014.

Actual vs. Budget Projection:

Total Real Estate Excise Tax (REET) collections through July 2014 totaling \$1,010,177 are ahead of the budget projection by \$99,379, or 10.9%, and higher than 2013 collections by \$147,771, or 17.1%. Table 7a and Chart 7a below exhibit the REET collections for the period of January through July. Chart 8a below exhibits the actual collections by category compared to the budget projection for each month.

Table 6a: REET Collections							
Month of Activity	2014				2013	2014 v. 2013	
	Budget	Actual	Actual v. Budget	Actual v. Budget	Actual	Actual \$ Variance	Actual % Variance
January	\$77,036	\$82,900	\$5,864	7.6%	\$71,253	\$11,647	16.3%
February	94,272	102,625	8,353	8.9%	55,460	47,165	85.0%
March	122,364	153,759	31,395	25.7%	104,298	49,461	47.4%
April	128,141	149,062	20,921	16.3%	87,703	61,359	70.0%
May	151,718	154,550	2,832	1.9%	145,230	9,320	6.4%
June	176,866	189,068	12,202	6.9%	233,305	(44,237)	-19.0%
July	160,400	178,212	17,812	11.1%	165,156	13,056	7.9%
Totals	\$910,797	\$1,010,177	\$99,379	10.9%	\$862,406	\$147,771	17.1%

Totals may not foot due to rounding.

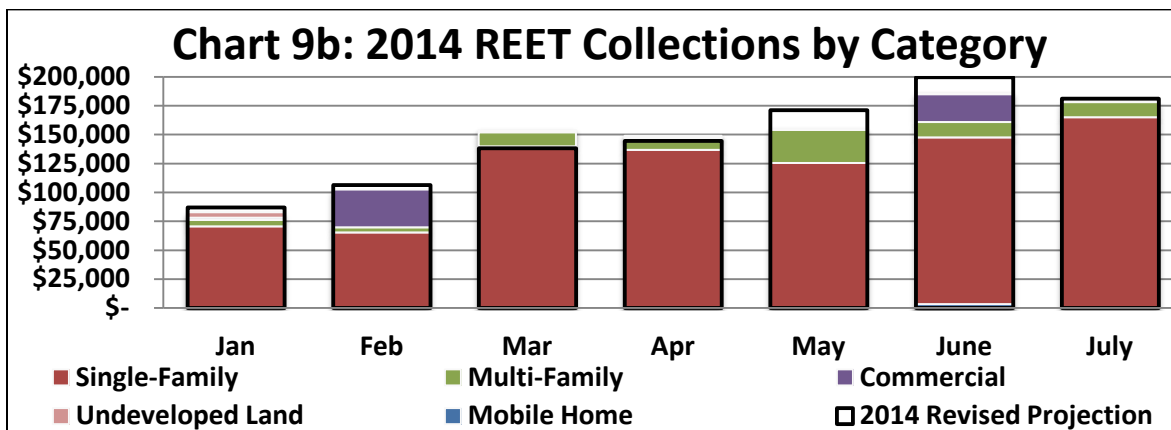
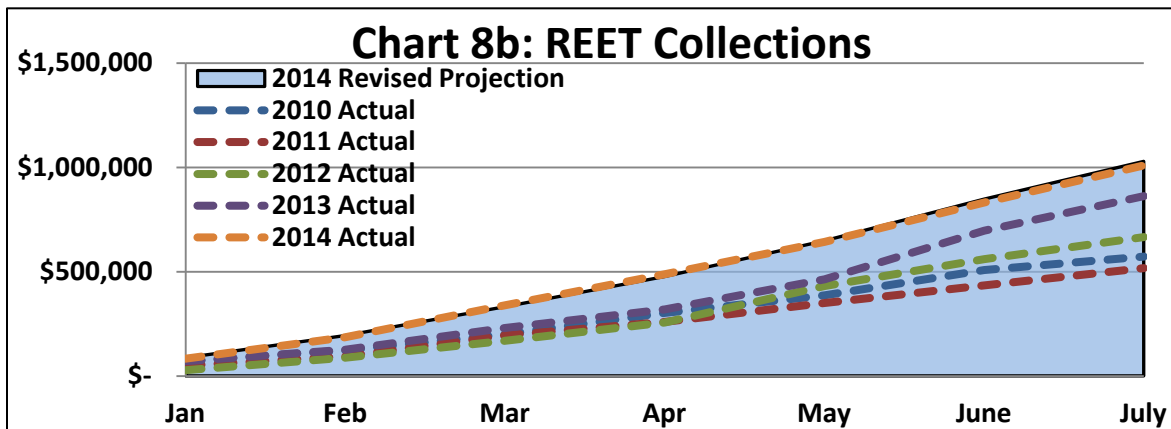


Actual vs. Revised Projection:

Total REET collections through July 2014 totaling \$1,010,177 are behind the revised projection by \$18,131, or 1.8%. Table 7b and the Chart 7b below exhibit the REET collections for the period of January through July. Chart 8b below exhibits the actual collections by category compared to the overall revised projection for each month.

Table 6b: REET Collections							
Month of Activity	2014			Actual v. Rev. Proj.	2013	2014 v. 2013	
	Revised Projection	Actual	Actual v. Rev. Proj.		Actual	Actual \$ Variance	Actual % Variance
January	\$86,975	\$82,900	(\$4,076)	-4.7%	\$71,253	\$11,647	16.3%
February	106,435	102,625	(3,810)	-3.6%	55,460	47,165	85.0%
March	138,152	153,759	15,608	11.3%	104,298	49,461	47.4%
April	144,673	149,062	4,389	3.0%	87,703	61,359	70.0%
May	171,293	154,550	(16,743)	-9.8%	145,230	9,320	6.4%
June	199,685	189,068	(10,617)	-5.3%	233,305	(44,237)	-19.0%
July	181,095	178,212	(2,882)	-1.6%	165,156	13,056	7.9%
Totals	\$1,028,308	\$1,010,177	(\$18,131)	-1.8%	\$862,406	\$147,771	17.1%

Totals may not foot due to rounding.



REET Transactions:

In July 2014, there were two more transactions with a value that was \$2.6 million more than those for July 2013. Year-to-date there has been thirty-nine more transactions with a value that is \$29.6 million more than the year-ago level. Table 8 below exhibits the number of sales and value of all residential and commercial transactions that occurred during the period of January through July in 2013 and 2014.

Table 7: REET Sales (\$ in thousands)							
Month of Activity	2014		2013		2014 v. 2013		
	No. of Sales	Value	No. of Sales	Value	No. of Sales	Value \$ Variance	Value % Variance
January	46	\$16,580	37	\$14,251	9	\$2,329	16.3%
February	41	20,525	35	11,092	6	9,433	85.0%
March	74	30,752	65	20,860	9	9,892	47.4%
April	84	29,812	57	17,541	27	12,272	70.0%
May	77	30,910	72	29,046	5	1,864	6.4%
June	88	37,814	107	46,661	(19)	(8,847)	-19.0%
July	89	35,642	87	33,031	2	2,611	7.9%
Totals	499	\$202,035	460	\$172,481	39	\$29,554	17.1%
Totals may not foot due to rounding.							

Table 9 below exhibits the number and value of sales by category that occurred during the period of January through July 2014.

Table 8: 2014 REET Sales by Category (\$ in thousands)										
Month of Activity	Single-Family		Multi-Family		Mobile Home		Commercial		Undeveloped	
	No. of Sales	Value	No. of Sales	Value	No. of Sales	Value	No. of Sales	Value	No. of Sales	Value
January	36	\$14,112	6	\$1,127	0	\$0	1	\$376	3	\$965
February	32	13,080	5	910	0	0	4	6,536	0	0
March	62	27,976	10	2,421	0	0	0	0	2	355
April	72	27,358	10	2,050	0	0	1	177	1	227
May	64	25,110	12	5,735	0	0	0	0	1	65
June	70	29,513	13	2,690	2	690	1	4,800	2	121
July	80	33,020	9	2,622	0	0	0	0	0	0
Totals	416	\$170,169	65	\$17,556	2	\$690	7	\$11,888	9	\$1,733
Totals may not foot due to rounding.										

Charts 9a and 9b are histograms exhibiting the number of single-family residences that sold in 2014.

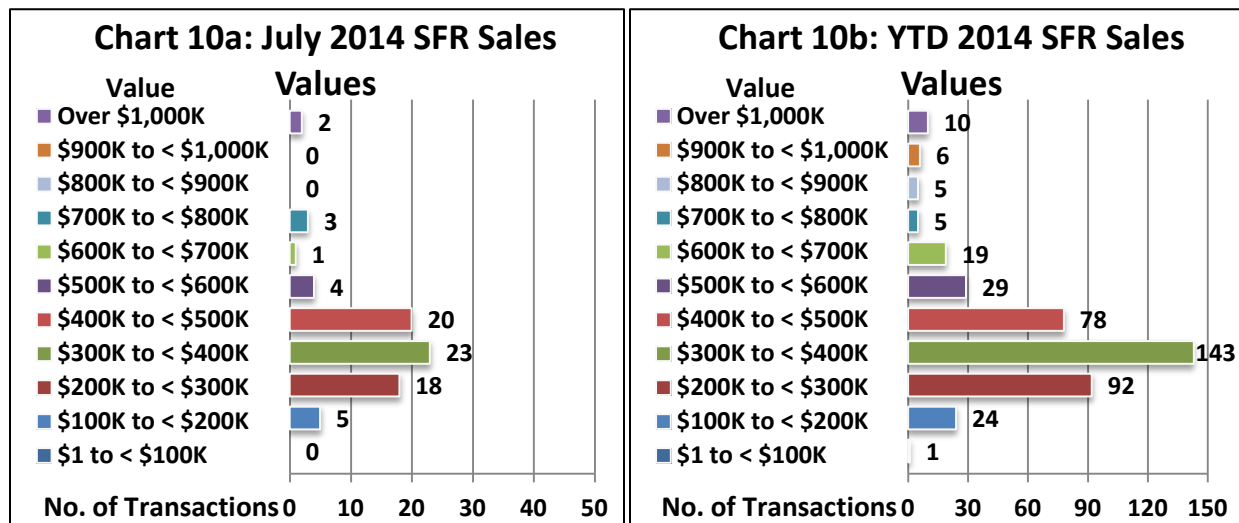
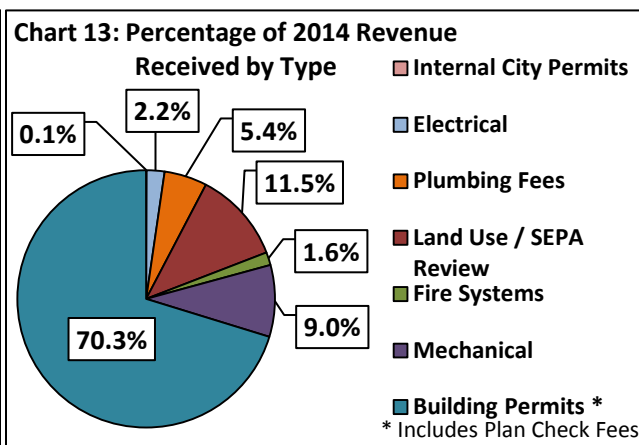
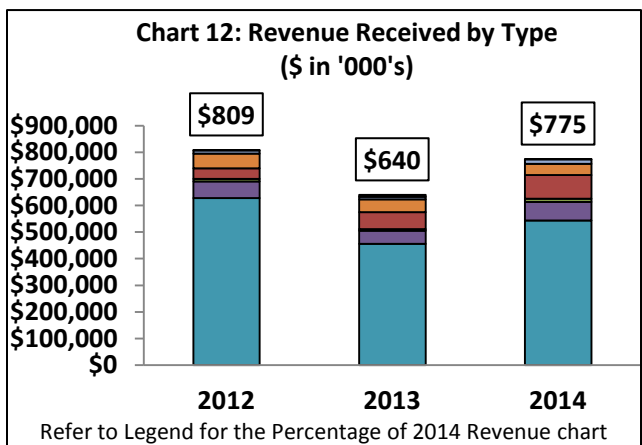
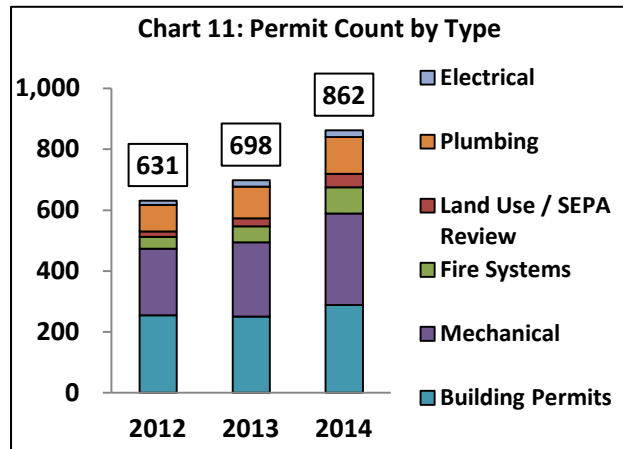


Table 10 below exhibits the number and value of all residential and commercial transactions greater than \$1.0 million. In July 2014, there were two single-family residences (SFRs) that sold for more than \$1.0 million. While the number of transaction was the same as the year-ago level, the value of the transactions was \$1.0 million more. Through July 2014, there have been ten SFRs and five businesses sold for more than \$1.0 million, which has accounted for \$27.4 million, or 13.5%, of the total sales amount.

Table 9: REET Sales > \$1 Million (\$ in thousands)							
Month of Activity	2014		2013		2014 v. 2013		
	No. of Sales	Value	No. of Sales	Value	No. of Sales	Value \$ Variance	Value % Variance
January	1	\$1,500	3	\$5,780	(2)	(\$4,280)	-74.1%
February	3	5,966	0	0	3	5,966	0.0%
March	5	6,000	1	1,165	4	4,835	415.0%
April	0	0	0	0	0	0	0.0%
May	1	2,096	4	8,300	(3)	(6,204)	-74.7%
June	3	8,540	4	12,057	(1)	(3,517)	-29.2%
July	2	3,319	2	2,343	0	976	41.7%
Totals	15	\$27,421	14	\$29,646	1	(\$2,224)	-7.5%
Totals may not foot due to rounding.							

Type	2012	2013	2014	# Var. 2014 v. 2013	% Var. 2014 v. 2013
Building Permits	255	251	289	38	15.1%
Mechanical	219	244	300	56	23.0%
Fire Systems	38	52	86	34	65.4%
Land Use / SEPA Review	18	26	44	18	69.2%
Plumbing	88	104	121	17	16.3%
Electrical	13	21	22	1	4.8%
Totals	631	698	862	164	23.5%



Permit revenue in June 2014 totaled \$106,450. Total revenue to date is \$774,675, which is 48.1% ahead of the projection and 21.0% ahead of the year-ago level.

Issued building permits came in at \$6.3 million valuation for July, comprised 51% of residential and 49% of commercial/multi-family valuation. The Washington State Department of Transportation's office building was issued with \$2.5 million valuation.

Month	Residential				Commercial				Multi-Family			
	New		Add/Remodel		New		Add/Remodel		New		Add/Remodel	
	#	Valuation	#	Valuation	#	Valuation	#	Valuation	#	Valuation	#	Valuation
January	6	\$ 1,939	8	\$ 101	0	\$ -	2	\$ 79	0	\$ -	0	\$ -
February	4	1,363	6	188	0	-	0	-	0	-	1	10
March	9	2,195	10	270	1	4,000	4	920	0	-	0	-
April	2	686	21	1,099	0	-	4	1,835	0	-	8	317
May	6	1,916	24	1,106	2	481	3	390	0	-	4	176
June	0	-	10	522	1	12	6	624	0	-	3	62
July	5	1,100	18	1,841	1	2,457	6	570	0	-	5	50
Totals	32	\$ 9,199	97	\$ 5,126	5	\$ 6,950	25	\$ 4,417	0	\$ -	21	\$ 616