

CITY OF BISMARCK

Budget Committee Update

August 25, 2020

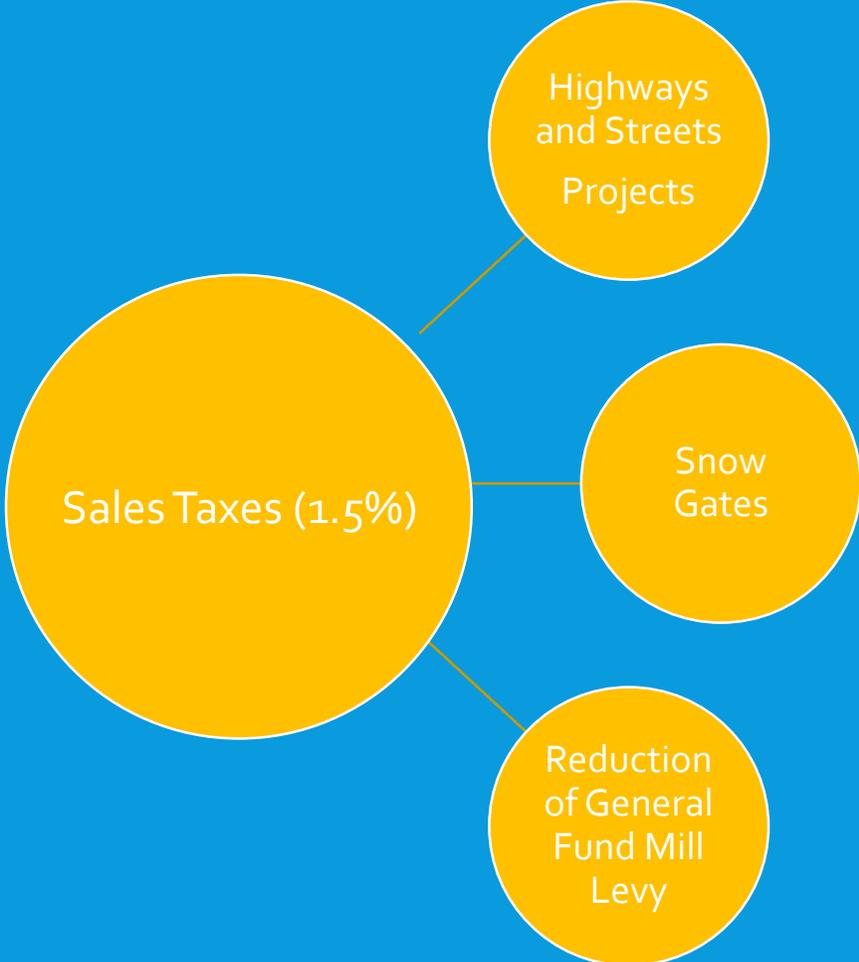
JUNE 2020 TAX COLLECTIONS

The City has received certain taxes for June 2020 remitted through the State of North Dakota

TAXES RECEIVED FROM THE STATE OF NORTH DAKOTA

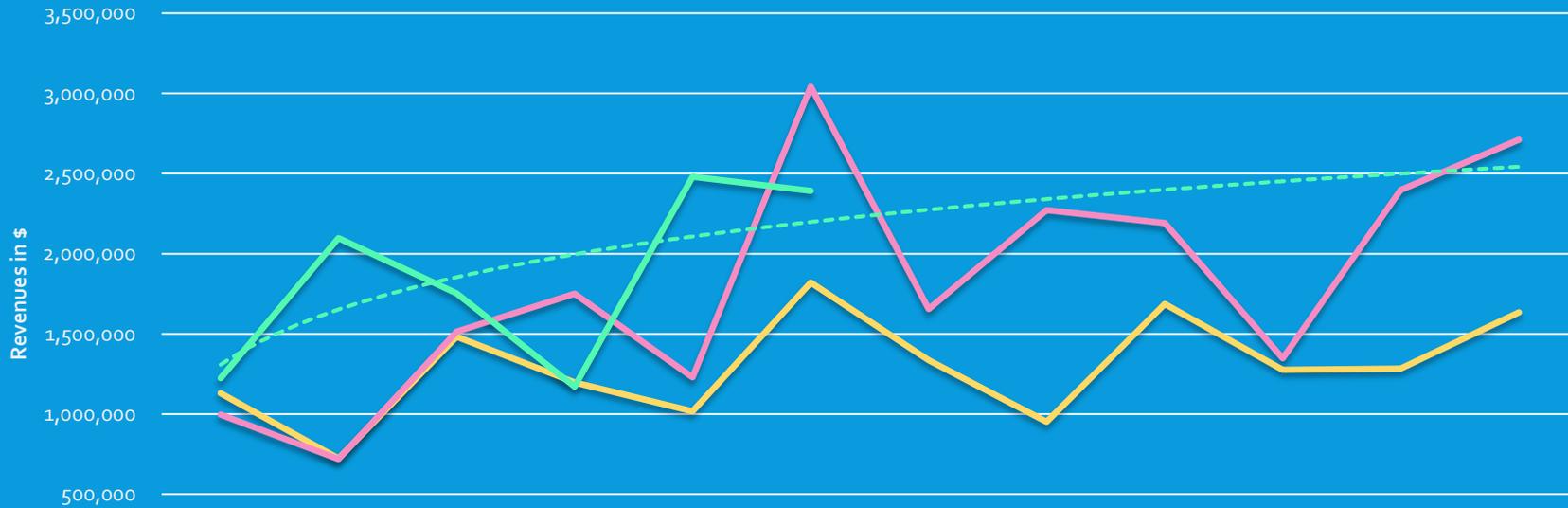
- State of North Dakota collects certain taxes on the City's behalf
- Remitted monthly to the City with a two-month lag
- City imposes the following taxes (other than property taxes):
 - 1.5% Sales Tax
 - 2% Lodging Tax
 - 1% Lodging, Liquor, and Restaurant Tax
 - 1% Car Rental Tax
- State imposes and distributes the following revenues to the City:
 - Highway Tax
 - State Aid (remitted quarterly)

SALES TAX OVERVIEW



SALES TAX OVERVIEW

1.5% Sales Tax Collections by Month



	January	February	March	April	May	June	July	August	September	October	November	December
2018	1,130,601	723,168	1,482,384	1,197,317	1,017,723	1,819,570	1,336,549	951,660	1,687,822	1,277,124	1,284,265	1,635,453
2019	996,645	718,521	1,515,353	1,751,770	1,229,448	3,043,024	1,656,167	2,272,981	2,191,773	1,348,469	2,397,553	2,711,613
2020	1,223,299	2,097,113	1,752,276	1,171,098	2,480,665	2,392,427						

Month

2018 2019 2020 Log. (2020)

- Used for highway and construction projects, snow gates, and mill levy reduction in the General Fund
 - Graph: Includes 0.5% sales tax (approved by voters in 2018) began collections in April 2019
- Decreased by 21% from June 2019. June was the peak month in 2019
- Online sales increased from 1.5% to 3% from 2019 to 2020 in the similar periods
- Trend shows consistency with 2019 with slightly lower collections, all thing consistent
- Peak months for the economy are:
 - May – September
 - November – December

SALES TAX (1.5%) ANALYSIS

Comparison of 1.5% (all) sales tax revenue

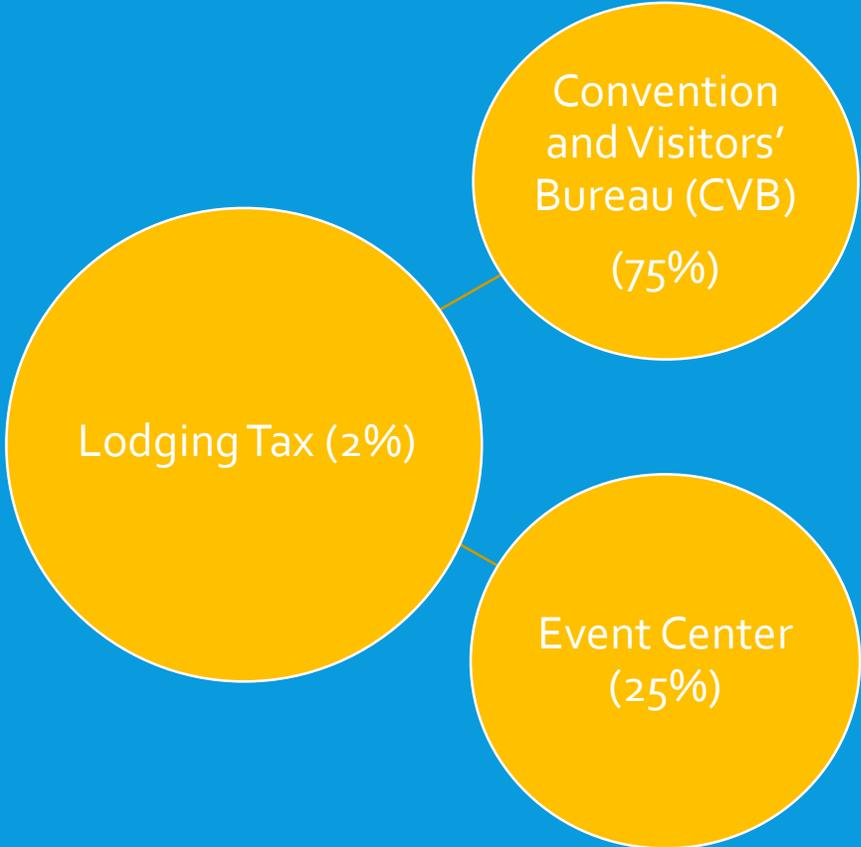
1.5% Sales Tax Collections	2019	2020	\$ Change	% Change
January	996,645	1,223,299	226,654	23%
February	718,521	2,097,113	1,378,592	192%
March	1,515,353	1,752,276	236,923	16%
April	1,751,770	1,171,098	(580,672)	-33%
May	1,229,448	2,480,665	1,251,217	102%
June	3,043,024	2,392,427	(650,597)	-21%

Comparison of 1% sales tax revenue

1% Sales Tax Collections	2019	2020	\$ Change	% Change
January	996,645	815,533	(181,112)	-18%
February	718,521	1,398,075	679,554	95%
March	1,515,353	1,168,184	(347,169)	-23%
April	1,215,086	780,732	(434,354)	-36%
May	823,066	1,653,777	830,711	101%
June	2,026,053	1,594,951	(431,102)	-21%

- A 101% increase on 1% sales tax for May 2020 (0.5% sales tax was not started collection until April 2019)
- April 2020 vs 2019 shows an increase of 102% on 1.5% sales tax
- Increased from March 2019 to April 2019
- Decreased from March 2020 to April 2020
- Increased from April 2020 to May 2020
- Better than City's expectations
- June 2020 should show a little bit lower collections as a result of delay in collections from months prior to May 2020

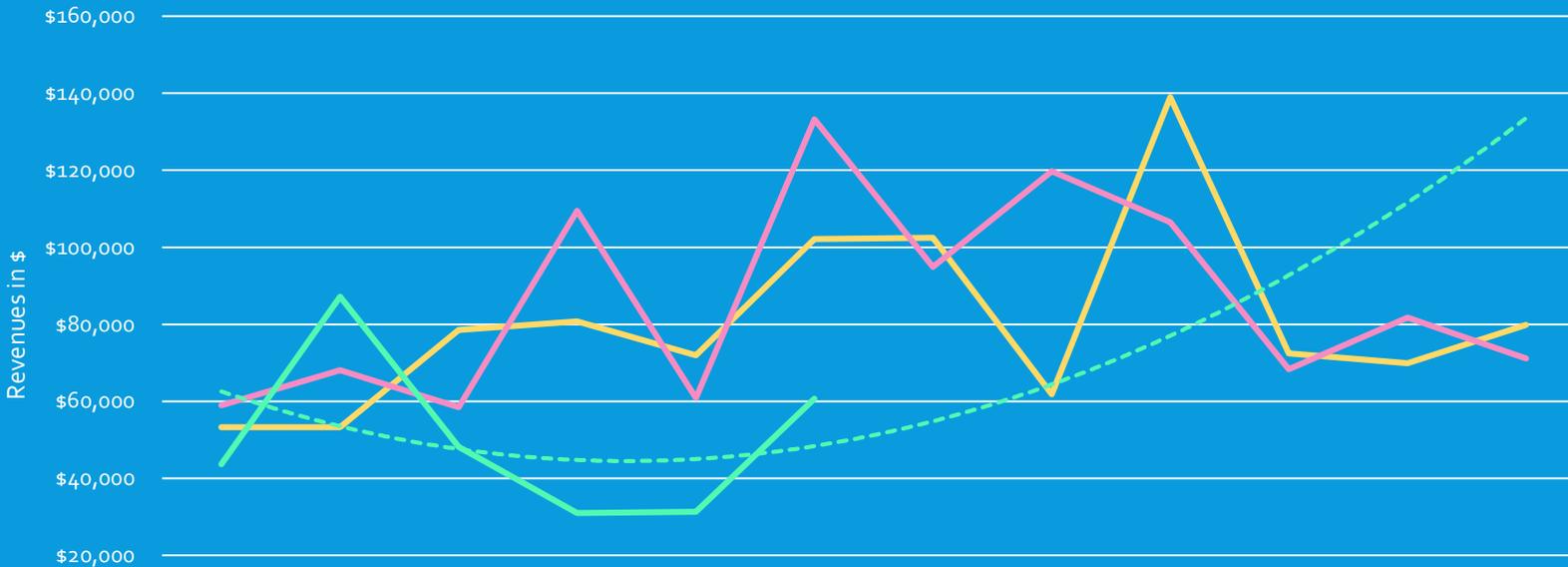
LODGING TAX (2%) OVERVIEW



MONTH	2019	2020	\$ Change	% Change
January	\$ 58,961	\$ 43,645	\$ (15,316)	-26%
February	68,087	87,157	19,070	28%
March	58,430	48,150	(10,281)	-18%
April	109,473	30,966	(78,507)	-72%
May	60,863	31,325	(29,538)	-49%
June	133,254	60,691	\$ (72,563)	-54%

LODGING TAX (2%) ANALYSIS

2% Lodging Tax Revenues by Month



	January	February	March	April	May	June	July	August	September	October	November	December
2018	\$53,269	53,318	78,500	80,782	71,943	102,185	102,482	61,867	138,985	72,413	69,873	79,827
2019	\$58,961	68,087	58,430	109,473	60,863	133,254	94,897	119,733	106,528	68,317	81,723	71,144
2020	\$43,645	87,157	48,150	30,966	31,325	60,691						

Month

2018 2019 2020 Poly. (2020)

- February 2020 vs February 2019 increased 22%
- March 2020 vs March 2019 decreased by 22%
- April 2020 vs April 2019 decreased by 72%
- May 2020 vs May 2019 decreased by 49%
- June 2020 vs June 2019 decreased by 54%
- Lodging occupancy has increased consistently as the pandemic continued
- Trend line is polynomial to show the trend if recovery happens
 - Most difficult tax to predict
- Anticipate that this tax will take months to recover
- July 2020 estimated to continue increasing but at a flatter rate

LODGING, LIQUOR, AND RESTAURANT TAX (1%)

- Used for promotion capital construction per State Statutes
- Primarily used for debt service and capital assets for the Event Center Fund
- Decreased 28% from June 2019 to June 2020
- However, continues to grow as businesses opened
- Trend line will likely be flat, as shown, all things considered equal
- June 2020 should show a continued but flatter increase in sales

1% Restaurant and Liquor Tax Revenues by Month

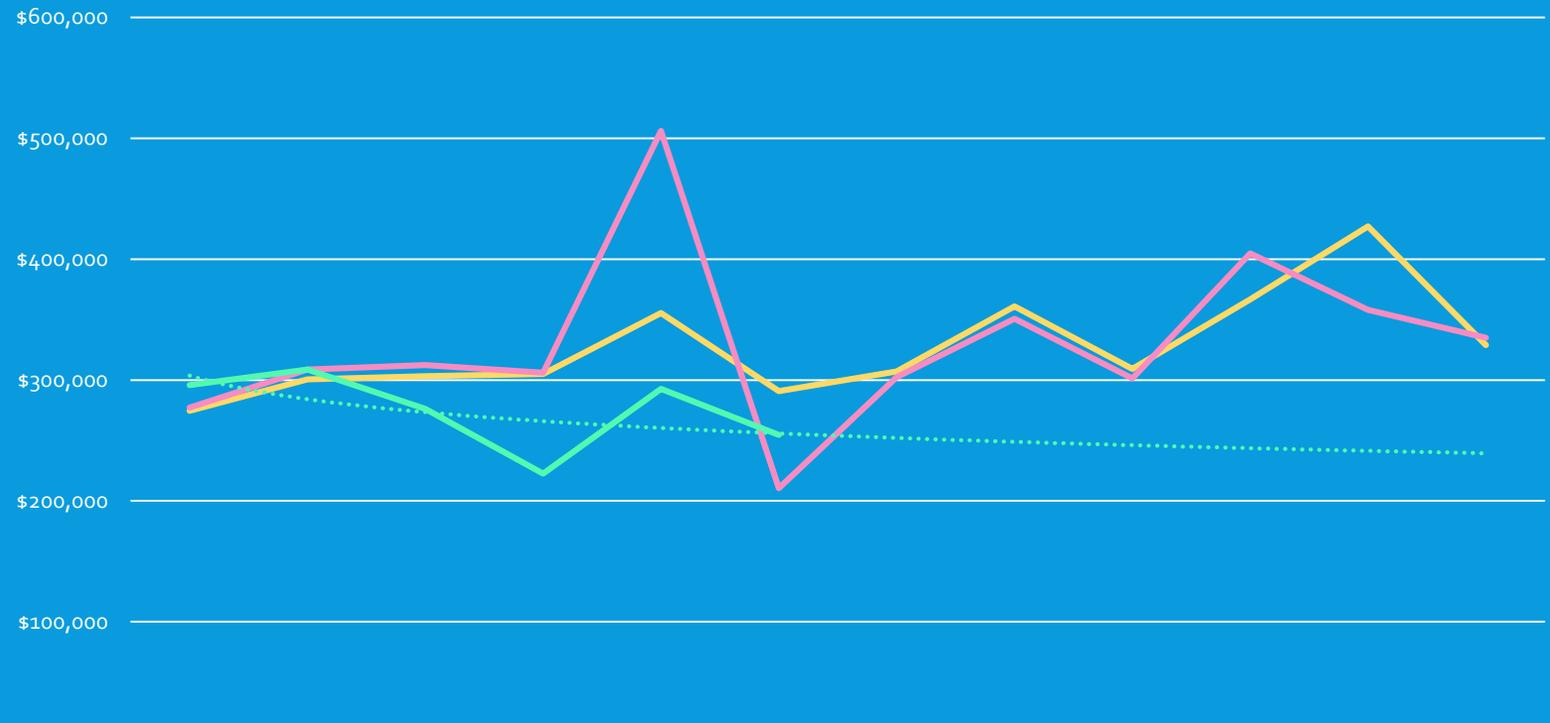


2018 2019 2020 Linear (2020)

HIGHWAY TAX DISTRIBUTION FROM STATE OF NORTH DAKOTA

- Imposed and distributed by the State of North Dakota
- City uses for road / street repairs and forestry and weeds activities
- Highway tax was already declining over the past few years and significantly impacts Roads and Streets Department
- June 2020 shows a 20% increase in revenues from June 2019 due to dip in collections in the previous year
- Trend line shows a flatter rate of collections, all things consistent for the next five months
- General Fund regularly provides financial assistance to the Roads and Streets Fund

Highway Tax from State of North Dakota



\$0	January	February	March	April	May	June	July	August	September	October	November	December
2018	\$274,626	\$300,638	\$303,252	\$305,065	\$355,447	\$290,773	\$307,185	\$361,009	\$309,176	\$366,720	\$426,949	\$328,778
2019	\$277,177	\$308,703	\$312,484	\$306,068	\$506,154	\$210,603	\$302,476	\$350,658	\$301,285	\$404,775	\$357,936	\$335,061
2020	\$295,872	\$308,670	\$276,028	\$222,528	\$292,646	\$254,519						

RESULTS SUMMARY

- July 2020 results will be known in middle of September 2020 (next month)
- Q3 2020 State Aid results will be known in October 2020
- August 2020 results will be know in middle of October 2020

QUESTIONS?