

To: Aspen City Council
From: Pete Strecker, Finance Director
Date: June 13, 2022
Re: April 2022 Consumption Tax Report



Aggregate Taxable Sales & Industry Highlights:

The month of April typically signals the start of off-season and reduced economic activity within the local economy. As such, on average, April typically accounts for just 4% of annual taxable sales in a given year. Time will tell if this historic benchmark aligns with final 2022 experience however as last month's economic activity posted a strong 13% increase in taxable sales from April 2021. While sales tax collection gains are significant, they are partially tempered by the rapid rise in inflation for goods and a labor shortage that is driving up wages. Overall, the Consumer Price Index for the region rose 8.3% in the past 12 months, including a 24.7% increase in energy and 9.8% increase in food costs. The Pitkin County unemployment rate was 3.2% in April.

Lodging, as the cornerstone industry of the local economy, posted a 44% increase in April, but was out done on a percentage basis when considering the banking industry (though small in taxable sales) experienced a 60% jump relative to the same period one year ago. Restaurants, as the second largest sector of the local economy, also experienced notably strong sales, increasing roughly 17%. Some of these increases are potentially a reflection of rising prices and may not necessarily translate into significant increases in the volume of patrons.

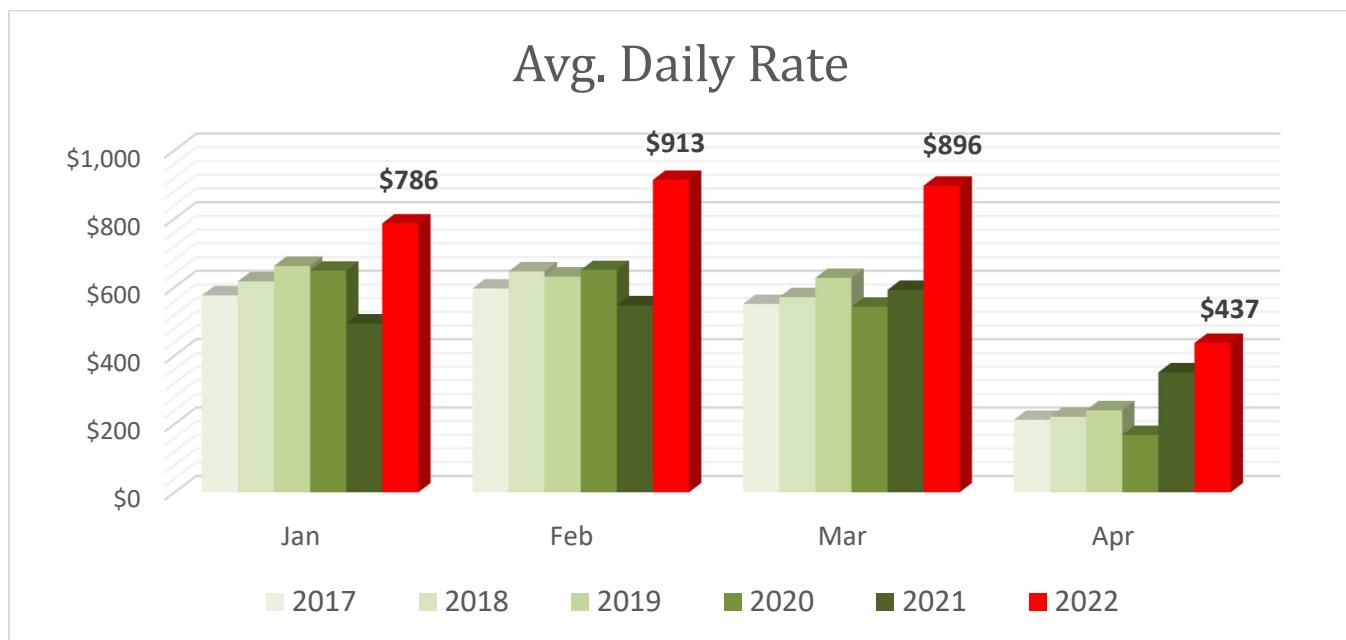
April's economic activity has a ratio of local 77% brick and mortar sales vs. 23% from online/external businesses. This reflects a slight shift away from locally generated sales but was expected as the local economy tapers as the ski slopes close shop for the season.



Sales and Lodging Tax:

Actual sales tax collections for April were up 22% relative to the same period in 2021. This percentage is greater than the movement in the taxable sales as the timing of one large remittance was delayed a few days from March and pushed into the receipts for April. Without this anomaly, the percentage growth would have been roughly 16% and more in-line with sales figures.

The City's dedicated 2.0% lodging tax receipts for April increased 41% relative to one year prior. This increase was split relatively evenly between occupancy climbing 20% and nightly room rates holding 25% higher than one year ago.



Short-Term Rentals

On May 24, Council adopted Ordinance #9 on first reading. This ordinance provided the framework for new regulations, education, permitting and fees associated with the Council's vision for the local short-term rental industry. Under the new program, there are three classifications of short-term rental units: owner-occupied units, lodge-exempt units, and "classic" units (those that would be aligned with second homeowners or investment properties). These three groups were identified as having enough variation to them such that there may be cause for reduced annual permit fees, possible caps on the number of units or nightly stays allowed, and for one group (lodge exempt) no caps on unit counts. This ordinance will be coming back to Council on June 28 for second reading prior to adoption.

On a separate track, staff also presented data for Council to consider as it looks to recommend a new short-term rental excise tax – to be paid by the renter and not the owner – to help mitigate for this industry's impacts on the Community. Council discussion around where the proposed tax receipts would be focused include environmental uses (wildfire mitigation, river health, greenhouse gas reduction, clean energy adoption, etc.); affordable housing (mitigation, preservation, acquisition and development), and community infrastructure (pedestrian and bicycle mobility and other public right of ways, community spaces and affordable restaurant

spaces, etc.). Polling for this possible new tax will take place in July to help set a final question to consider in the November 2022 election cycle.

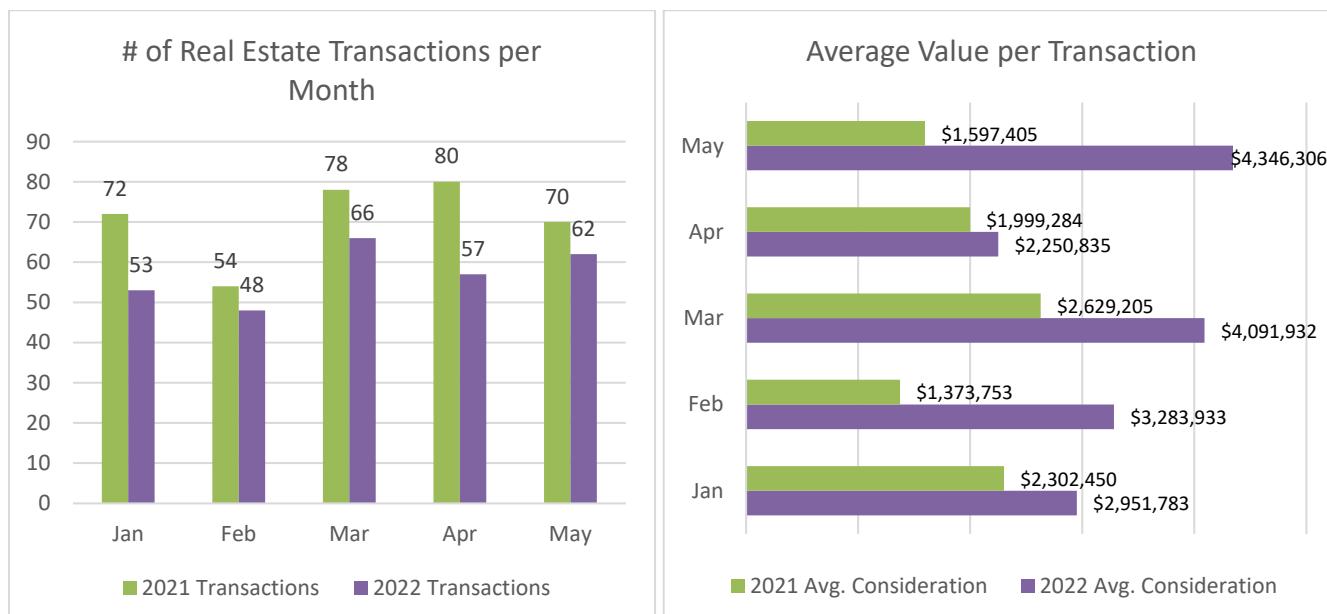


City Share of County Sales Tax:

The City of Aspen's allocated portion of Pitkin County's 2.0% sales tax for the month of March was up 40% relative to the same month in 2021. This is the final monthly figure for the quarter and in line with expectations as these collections lag the City's own collection process by one month.

Real Estate Transfer Taxes:

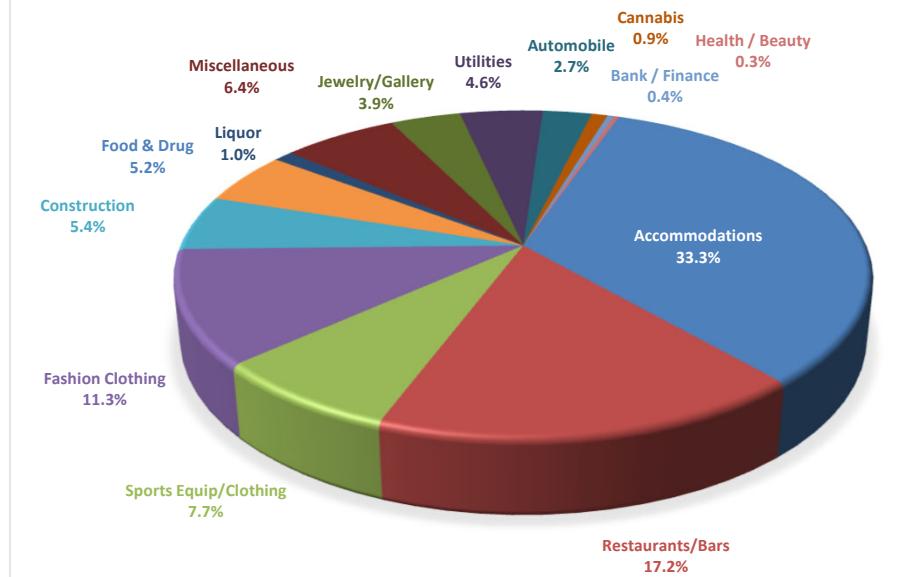
The average consideration per transaction through May 2022 reflects an increase of roughly 70% over the same average one year prior. This increase further highlights how overall real estate tax revenue (up 37%) has exceeded expectations despite overall volume of sales falling (nearly 20%) for this five month period.



City of Aspen Retail Sales by Industry
April 2022

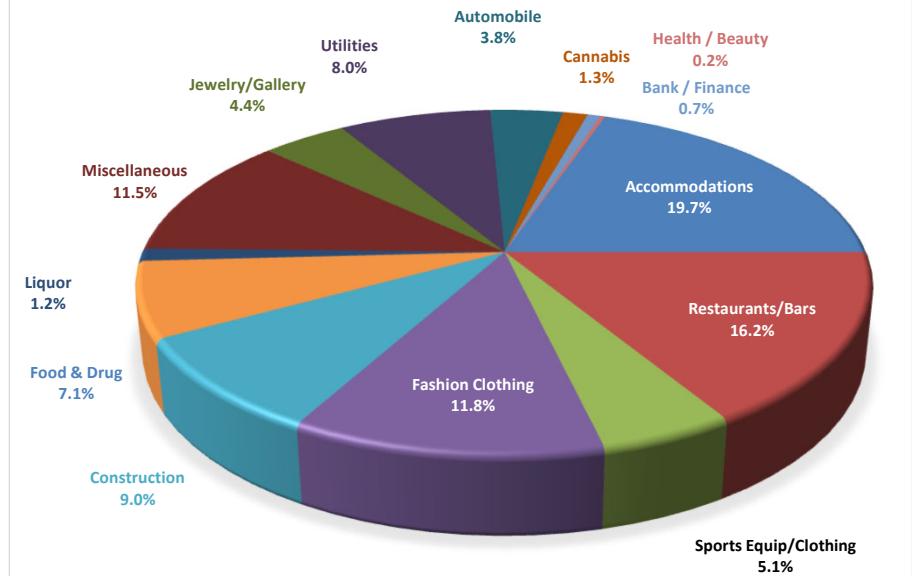
Year To Date Retail Sales

| Category | Retail Sales | % of Total Retail Sales | % Change to 2021 |
|-----------------------|----------------------|-------------------------|------------------|
| Accommodations | \$149,566,745 | 33.3% | 121.3% |
| Restaurants/Bars | \$77,174,927 | 17.2% | 100.5% |
| Sports Equip/Clothing | \$34,397,159 | 7.7% | 28.3% |
| Fashion Clothing | \$50,562,783 | 11.3% | 64.6% |
| Construction | \$24,391,249 | 5.4% | 2.2% |
| Food & Drug | \$23,156,835 | 5.2% | 15.6% |
| Liquor | \$4,699,117 | 1.0% | 3.7% |
| Miscellaneous | \$28,623,440 | 6.4% | 6.8% |
| Jewelry/Gallery | \$17,382,548 | 3.9% | 64.9% |
| Utilities | \$20,510,313 | 4.6% | (2.6%) |
| Automobile | \$12,096,563 | 2.7% | 28.7% |
| Cannabis | \$3,958,636 | 0.9% | (3.5%) |
| Bank / Finance | \$1,585,383 | 0.4% | 25.6% |
| Health / Beauty | \$1,233,383 | 0.3% | (43.6%) |
| Total | \$449,339,082 | 100.0% | 56.4% |



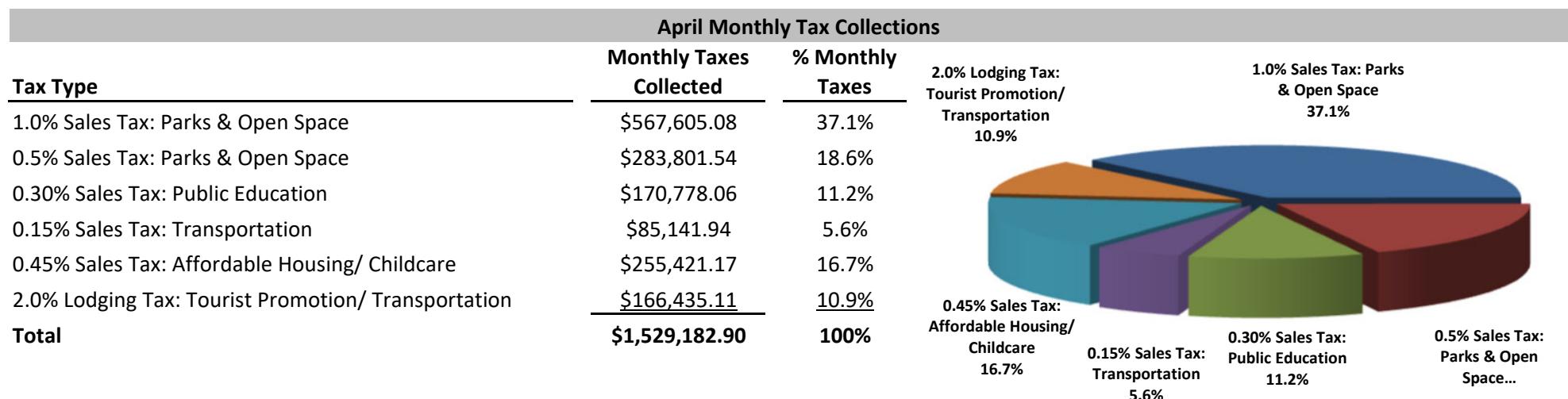
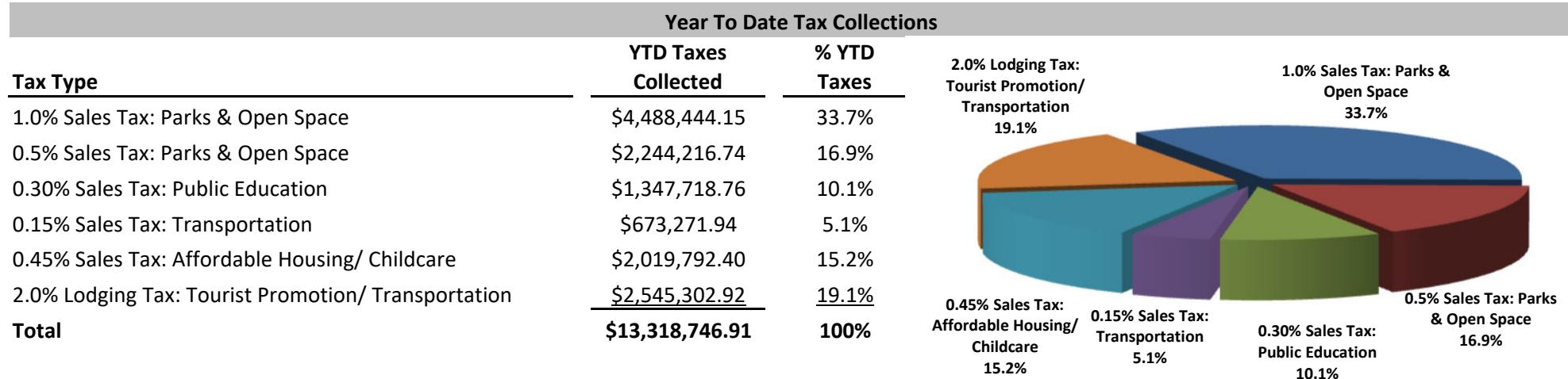
April Monthly Retail Sales

| Category | Retail Sales | % of Total Retail Sales | % Change to 2021 |
|-----------------------|---------------------|-------------------------|------------------|
| Accommodations | \$10,827,940 | 19.7% | 44.1% |
| Restaurants/Bars | \$8,905,705 | 16.2% | 17.0% |
| Sports Equip/Clothing | \$2,780,567 | 5.1% | 1.3% |
| Fashion Clothing | \$6,458,075 | 11.8% | 31.5% |
| Construction | \$4,930,553 | 9.0% | 14.9% |
| Food & Drug | \$3,893,439 | 7.1% | (0.3%) |
| Liquor | \$643,840 | 1.2% | (12.3%) |
| Miscellaneous | \$6,337,193 | 11.5% | 4.8% |
| Jewelry/Gallery | \$2,425,052 | 4.4% | 36.3% |
| Utilities | \$4,366,780 | 8.0% | (22.4%) |
| Automobile | \$2,087,479 | 3.8% | 17.8% |
| Cannabis | \$711,003 | 1.3% | (8.1%) |
| Bank / Finance | \$374,786 | 0.7% | 59.7% |
| Health / Beauty | \$133,894 | 0.2% | (83.9%) |
| Total | \$54,876,305 | 100.0% | 12.5% |



City of Aspen Sales and Lodging Tax

April 2022



City of Aspen Sales Tax 2.4%

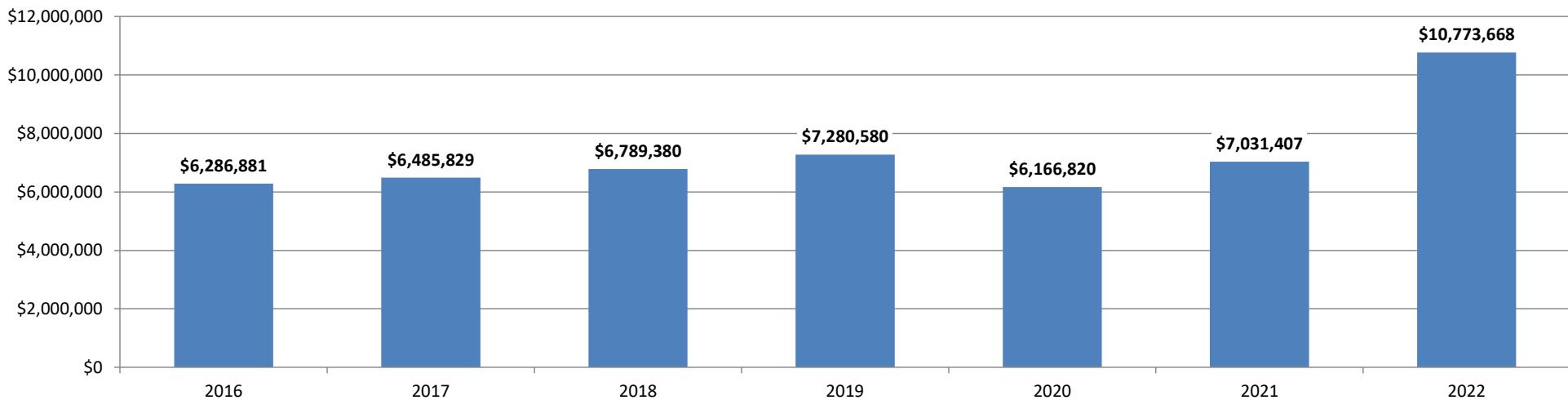
April 2022

Current Month Revenues are 22.0% above last year's Monthly Revenues.
Year To Date Revenues are 28.4% above Year To Date Budgeted Revenues.
Year To Date Revenues are 53.2% above last year's Actual Year To Date Revenues.

| 2022 Monthly Budget vs. 2022 Actual | | | 2022 YTD Budget vs. 2022 Actual | | | 2022 vs. 2021 | | | |
|-------------------------------------|----------------|---------------|---------------------------------|---------------|-----------------|---------------------|-----------------|-----------------|-----------------|
| <u>Month</u> | <u>Budget*</u> | <u>Actual</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 | \$2,516,000 | \$2,829,557 | \$2,516,000 | \$2,829,557 | 12.5% | \$1,594,720 | 77.4% | \$1,594,720 | 77.4% |
| Feb | \$2,295,000 | \$3,026,029 | \$4,811,000 | \$5,855,586 | 31.9% | \$1,673,483 | 80.8% | \$3,268,203 | 79.2% |
| Mar | \$2,623,000 | \$3,555,334 | \$7,434,000 | \$9,410,920 | 35.5% | \$2,645,788 | 34.4% | \$5,913,991 | 59.1% |
| Apr | \$956,000 | \$1,362,748 | \$8,390,000 | \$10,773,668 | 42.5% | \$1,117,415 | 22.0% | \$7,031,407 | 53.2% |
| May | \$802,000 | | \$9,192,000 | | | \$964,724 | | \$7,996,131 | |
| June | \$1,941,000 | | \$11,133,000 | | | \$2,213,718 | | \$10,209,848 | |
| July | \$2,487,000 | | \$13,620,000 | | | \$3,058,702 | | \$13,268,550 | |
| Aug | \$2,107,000 | | \$15,727,000 | | | \$2,493,158 | | \$15,761,708 | |
| Sept | \$1,817,000 | | \$17,544,000 | | | \$2,536,858 | | \$18,298,565 | |
| Oct | \$1,076,000 | | \$18,620,000 | | | \$1,549,662 | | \$19,848,228 | |
| Nov | \$925,000 | | \$19,545,000 | | | \$1,149,543 | | \$20,997,771 | |
| Dec | \$3,421,000 | | \$22,966,000 | | | \$3,511,405 | | \$24,509,175 | |

* Budget amounts restated to capture additional 0.3% sales tax dedicated to public education previously excluded.

Actual Collections Year To Date Through April



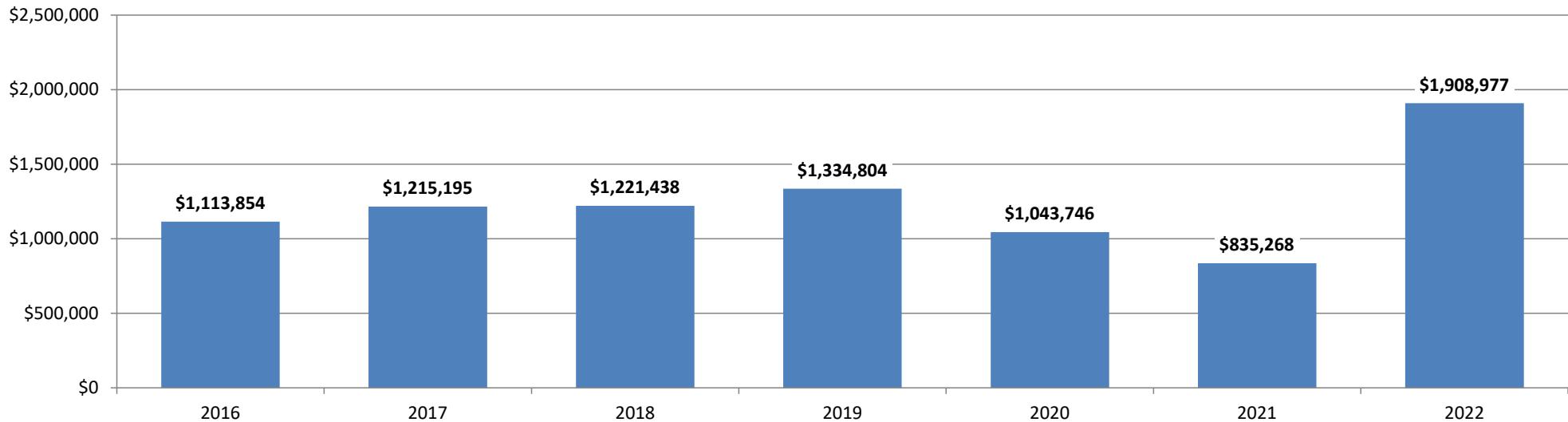
City of Aspen Tourist Promotion 1.5% Lodging Tax (0.5% Rate for 2010 and Prior)

April 2022

Current Month Revenues are 41.4% above last year's Monthly Revenues.
Year To Date Revenues are 39.9% above Year To Date Budgeted Revenues.
Year To Date Revenues are 128.5% 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 | \$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 | \$124,826 | 88.6% | \$1,365,000 | \$1,908,977 | 39.9% | \$88,271 | 41.4% | \$835,268 | 128.5% |
| 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 April

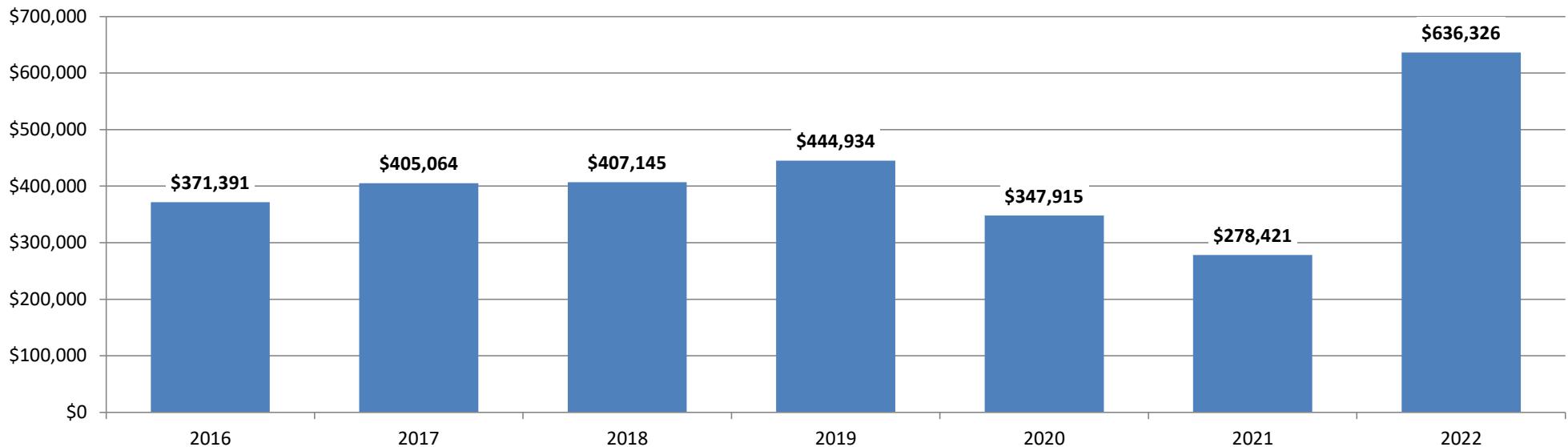


City of Aspen Transportation 0.5% Lodging Tax
April 2022

Current Month Revenues are 41.4% above last year's Monthly Revenues.
Year To Date Revenues are 39.9% above Year To Date Budgeted Revenues.
Year To Date Revenues are 128.5% 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 | \$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 | \$41,609 | 88.3% | \$455,000 | \$636,326 | 39.9% | \$29,424 | 41.4% | \$278,421 | 128.5% |
| 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 April

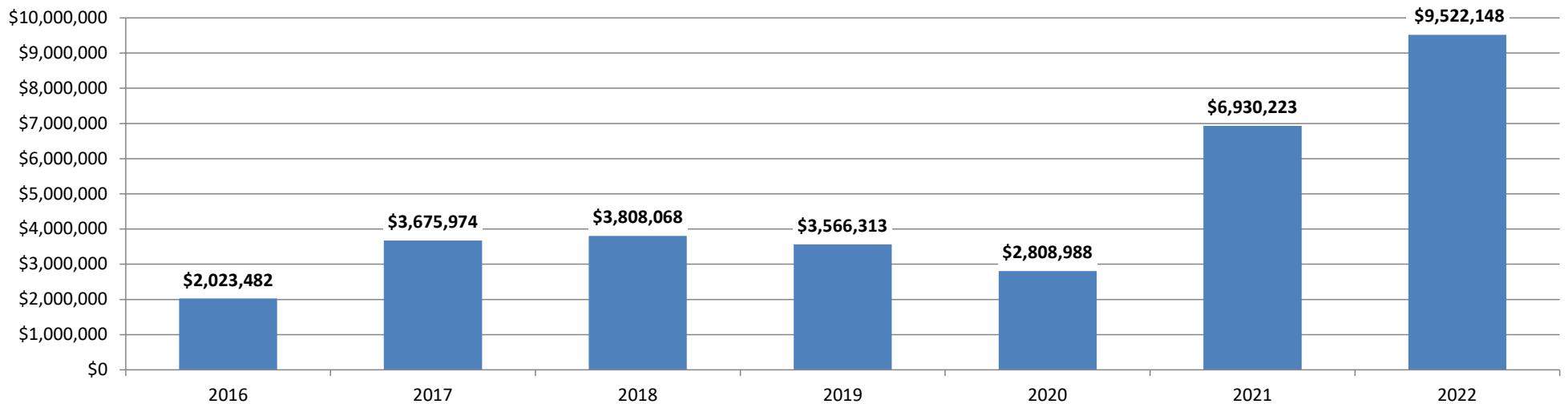


Housing Real Estate Transfer Tax
May 2022

Current Month Revenues are 144.0% above last year's Monthly Revenues.
Year To Date Revenues are 207.2% above Year To Date Budgeted Revenues.
Year To Date Revenues are 37.4% 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 | \$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 | \$2,610,330 | 258.6% | \$3,100,000 | \$9,522,148 | 207.2% | \$1,070,000 | 144.0% | \$6,930,223 | 37.4% |
| 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 May



Wheeler Opera House Real Estate Transfer Tax
May 2022

Current Month Revenues are **141.0%** **above last year's Monthly Revenues.**
Year To Date Revenues are **212.9%** **above Year To Date Budgeted Revenues.**
Year To Date Revenues are **37.0%** **above last year's Actual Year To Date Revenues.**

| 2022 Monthly Budget vs. 2022 Actual | | | 2022 YTD Budget vs. 2022 Actual | | | 2022 vs. 2021 | | | | |
|-------------------------------------|---------------|---------------|---------------------------------|---------------|---------------|-----------------|---------------------|-----------------|-----------------|-----------------|
| <u>Month</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 | \$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 | \$1,347,355 | 261.2% | \$1,569,000 | \$4,909,547 | 212.9% | \$559,092 | 141.0% | \$3,583,990 | 37.0% |
| 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 May

