

BUDGET REPORT

Sales Tax Revenue Decreases

SPRINGDALE SEES 9.17 PERCENT DROP COMPARED TO LAST OCTOBER

By John Gore

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Sales tax revenue continued to drop in December, but city finance directors say while it's disappointing and has an impact on budgets, the largest cities in Benton and Washington counties remain financially sound.

Officials received word Tuesday that sales tax revenue was down for December when compared to 2008.

Sales tax revenue received in December reflects October sales and was collected in November.

Comparisons are based upon collections from the same month in the previous year. Each of the four cities collects a 2 percent sales tax.

One percent of the sales tax collected is devoted to repayment of bonds. The other 1 percent goes into each city's general fund and is available for city operations. For the purpose of this report, Northwest Arkansas Newspapers tracks the 1 percent going into the general fund.

Rogers had the biggest sales tax revenue drop.

The city received \$997,398 in December 2008. This year's collection was \$863,583, a 13.41 percent drop.

There's not much to say about it," said Jerry Hudlow, Rogers city treasurer. "It is what it is."

Hudlow said he expected the city would receive about \$950,000 in sale tax revenue.

"This is the second lowest collection of the year for us," Hudlow said, adding that March was the lowest. "We are down about 6 percent for the year.

Rogers is still in solid financial shape because franchise and other fees are making up for most sales tax lost.

Fayetteville had the smallest drop in sales tax revenue for the month. The city received \$1,356, 580 in December 2008. Fayetteville received \$1,246,260 this year, a drop of 8.13 percent from 2008.

Paul Becker, Fayetteville finance director, said overall sales tax revenue is down about 5 percent compared to last year.

“And that’s quite a bit. We’re down almost \$1.5 million compared to the budget,” he said.

The general fund is down about \$1.1 million, Becker said.

“This is fairly disappointing. I hoped to have seen (tax revenue) up. However, it’s about on track with what I’ve discussed with the mayor and the council. We should come in about where we thought we would,” Becker said.

Bentonville also had a double-digit drop in its tax collection. Bentonville received \$746,914 last October and \$666,661 this year, a 10.74 percent drop.

“We need \$672,000 next month to make our sales tax projection,” said Denise Land, Bentonville finance director.

“All in all, we’re pretty close. We were so conservative in our estimate I will be disappointed if we don’t reach our estimate,” Land said.

“If we don’t get the \$672,000 that’s not going to be a problem. We made it up in a couple of other areas where we had a nice variance, like property tax and franchise fees,” Land said.

Springdale’s sales tax revenue dropped from \$846,386 last October to \$768,712 this year, a decrease of 9.17 percent.

This impacts our capital improvement projects, which we’ve slowed down quite a bit anyway,” said Wyman Morgan, Springdale finance director.

Sales tax revenue may be down, but the overall city budget is financially sound, Morgan said.

County sales tax revenue, franchise fees and a boost from property tax has the general fund about where we expected it would be,” Morgan said.