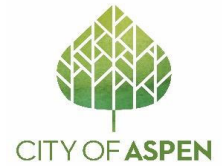


To: Aspen City Council
From: Pete Strecker, Finance Director
Date: July 13, 2022
Re: May 2022 Consumption Tax Report

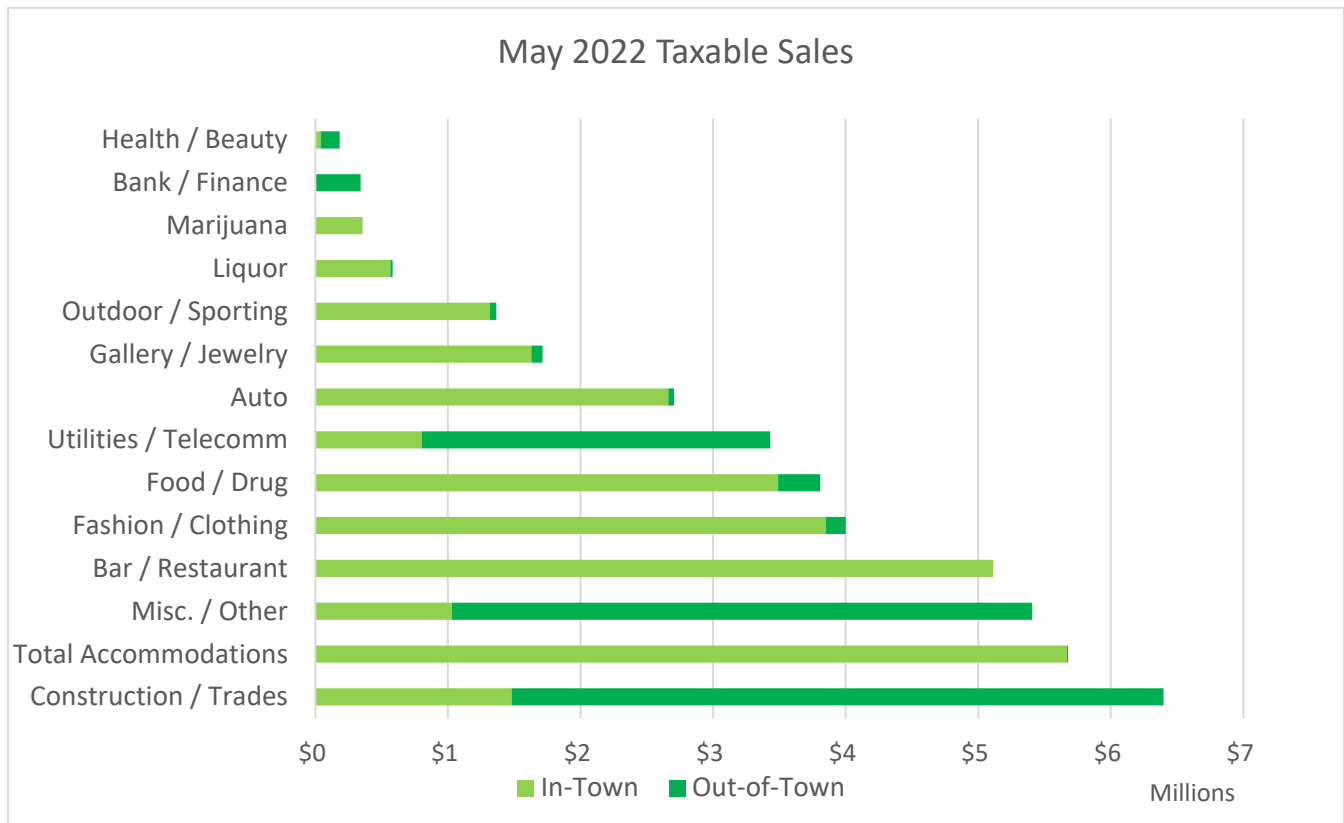


Aggregate Taxable Sales & Industry Highlights:

The month of May is the least robust month of the calendar year for economic activity, with the month averaging just 3.4% of annual taxable sales. Because it reflects a slower period in the economic cycle for the City, it is limited in what it can communicate in terms of overall tourism and consumption levels. That said, this month’s report outlines taxable sales grew roughly 2% over the same period one year ago. While this is growth, taking inflationary pressures of roughly 8% into account that should trickle through into taxable sales, one can deduce that monthly economic activity was actually lagging that of May 2021.

This month’s data emphasizes the seasonal nature of the accommodations and restaurants sectors (as well as other hospitality sectors) in that the construction industry took over as the largest segment of the economy for May. This was despite the construction industry experiencing roughly a 14% reduction in taxable sales relative to the same time one year ago. Other segments of the economy that saw reduced sales include the cannabis industry, sporting equipment and jewelry/gallery.

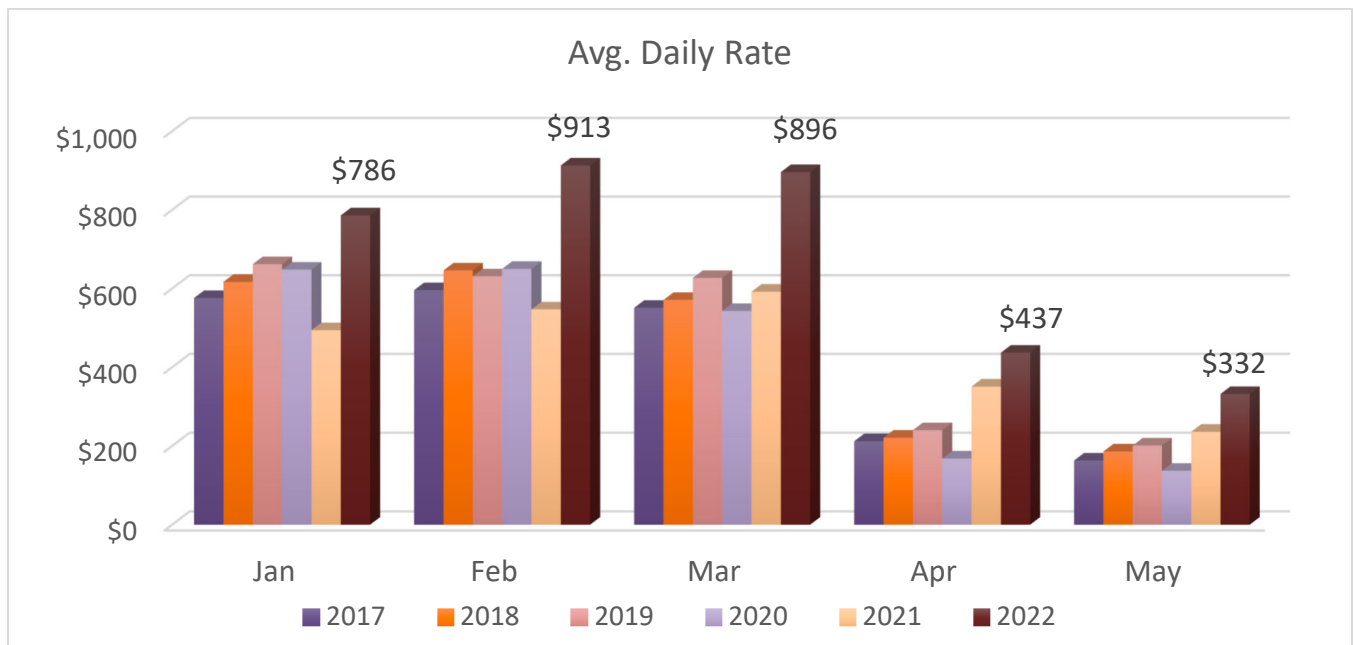
Finally, May’s economic activity has a ratio of local 68% brick and mortar sales vs. 32% from online/external businesses. With the seasonal drop in tourist visitation, it is not surprising for this in- vs out-of-town split to be shifting more heavily towards remote sales as the miscellaneous sector (think large online marketplaces) edged into the third largest dollar volume industry this month.



Sales and Lodging Tax:

Actual sales tax collections for May were up a mere 2% relative to the same period in 2021. With this, the pacing of collections relative to 2021 has migrated to 47% above 2021 collections after five months (down from 77% at the start of the year). With persistent economic headwinds still present - originating from the war in Ukraine and exacerbated by domestic monetary policy actions taken by the Federal Reserve – the remainder of the fiscal year is expected to show continued softening.

The City's dedicated 2.0% lodging tax receipts for May increased 29% relative to one year prior, and held year-to-date collections to 123% over 2021 receipts, well above last year's aggregate after five months. These figures continue to be most heavily influenced by the average nightly rate as opposed to the level of occupancy, which was down relative to the same period last year (30% in 2022 vs. 36% one year ago).



Short-Term Rentals

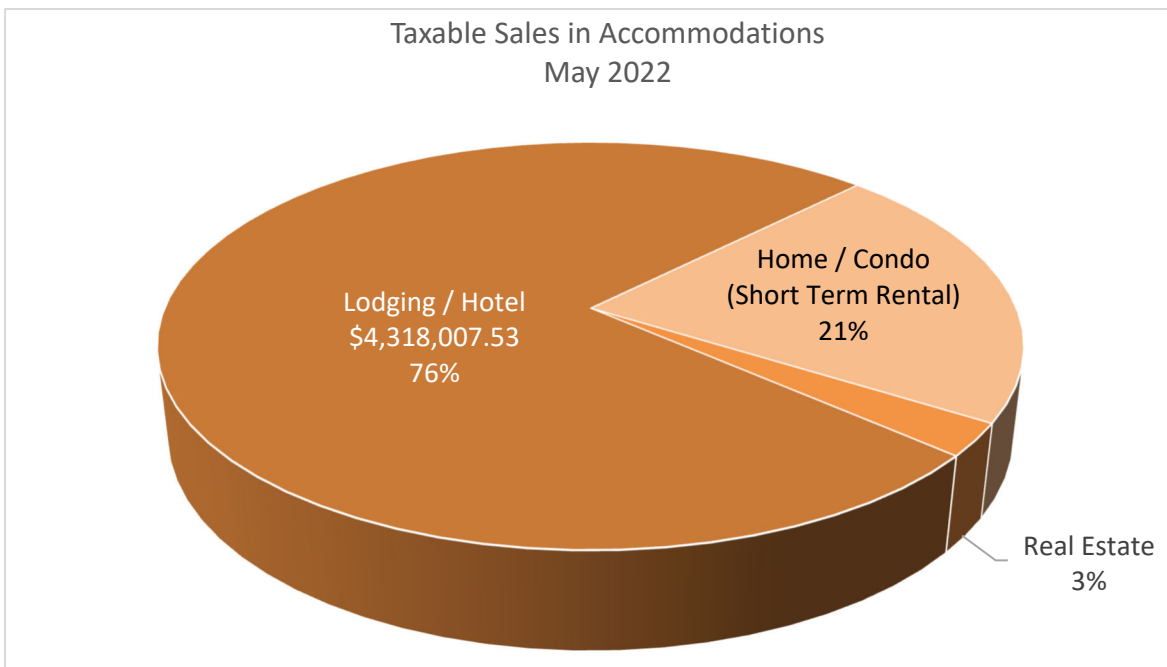
On June 28, Council adopted Ordinance #9 on second and final reading. As noted last month, this ordinance provides the framework for new regulations, education, permitting, and fees associated with the Council's vision for the local short-term rental industry. A few highlights under this new municipal code language include:

Three permit types for short-term rentals have individual characteristics in terms of permit allowances, maximum number of nightly stays, and permitting costs:

- owner-occupied units
 - maximum number of short-term rental nights is 120 days per calendar year
 - no cap on issuing new permits regardless of location within the City
 - annual permitting fee is \$394 per unit
- lodge-exempt units
 - no cap on the number of short-term rental nights
 - no cap on issuing new permits
 - annual permitting fee is \$148 per unit (permit is for all units at the site)

- “classic” units - aligned as second homes or investment properties
 - prohibition on issuing new permits until natural attrition reduces permits within a given zone district to desired levels identified in the ordinance
 - permits can be maintained by existing holders annually provided the units have rental activity in the given calendar year preceding the next issuance period and are in good standing with all regulations and filing requirements
 - permits are no longer transferable if a property is conveyed to another party
 - annual permitting fee is \$394 per unit

In addition to these permitting requirements or allowances, all short-term rental operations will be required to abide by new “good neighbor” policies, will be subject to fines or penalties if warranted by complaints received by the City, be subject to routine safety inspections and more.



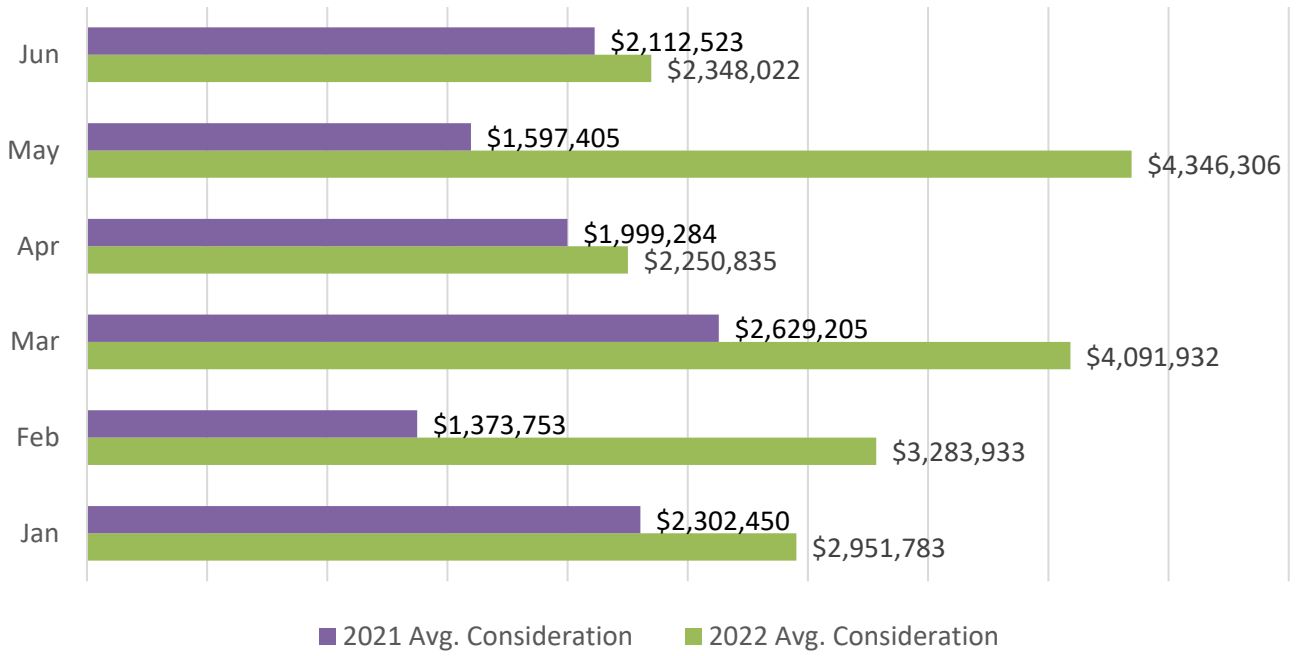
City Share of County Sales Tax:

The City of Aspen’s allocated portion of Pitkin County’s 2.0% sales tax for the month of April was up 19% relative to the same month in 2021. Similar to the City’s own sales tax collection experience, the year-to-date pacing of collections is trending softer, and stands at 49% ahead of last year after five months, but down from the 71% at the start of the year.

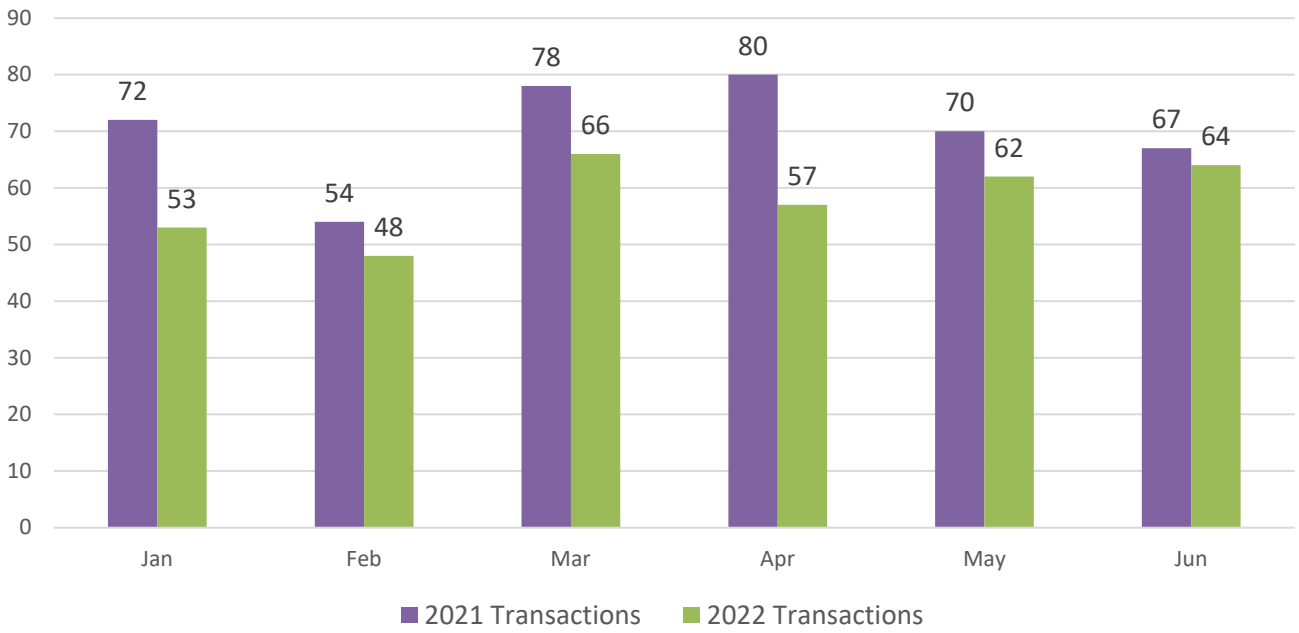
Real Estate Transfer Taxes:

Through June 2022, real estate transfer tax collections are 32% above collections through June 2021. The average consideration per transaction remains the key driver to the strong tax figures this year, as total transaction volume has declined 17% (350 sales in 2022 vs 421 sales in 2021).

Average Value per Transactions



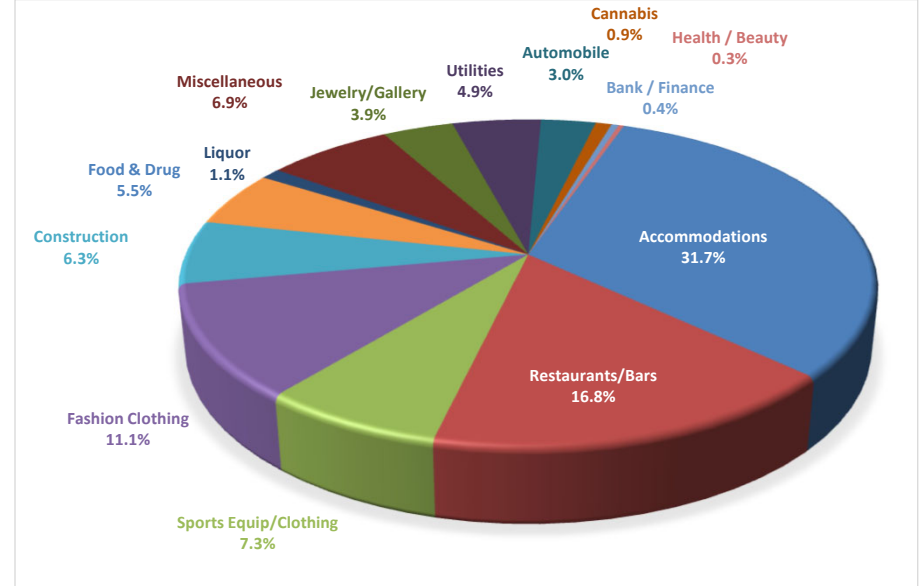
of Real Estate Transactions



**City of Aspen Retail Sales by Industry
May 2022**

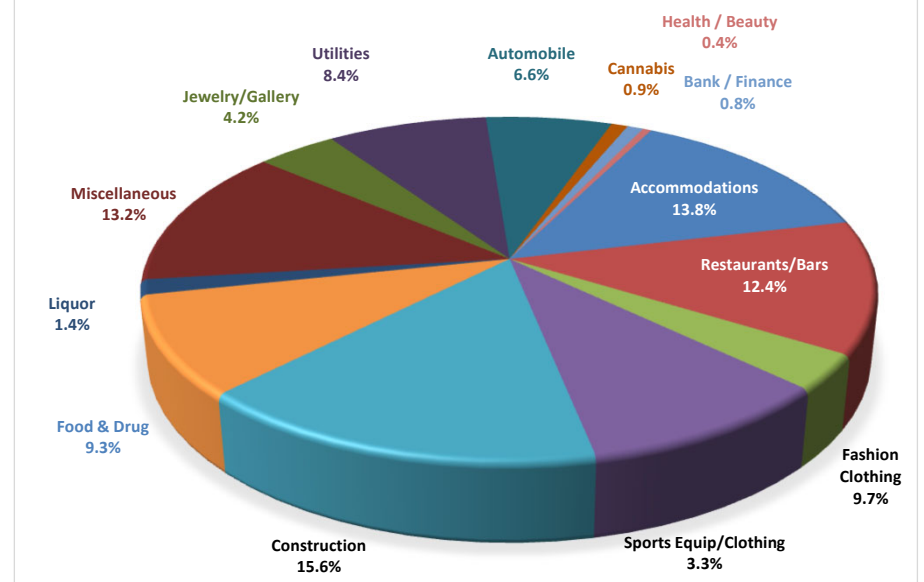
Year To Date Retail Sales

Category	Retail Sales	% of Total Retail Sales	% Change to 2021
Accommodations	\$155,244,546	31.7%	114.4%
Restaurants/Bars	\$82,287,554	16.8%	88.4%
Sports Equip/Clothing	\$35,762,202	7.3%	25.4%
Fashion Clothing	\$54,564,250	11.1%	59.6%
Construction	\$30,789,760	6.3%	(1.6%)
Food & Drug	\$26,964,963	5.5%	14.7%
Liquor	\$5,282,276	1.1%	2.8%
Miscellaneous	\$34,030,995	6.9%	8.4%
Jewelry/Gallery	\$19,096,903	3.9%	53.1%
Utilities	\$23,941,867	4.9%	(2.2%)
Automobile	\$14,802,585	3.0%	22.8%
Cannabis	\$4,314,305	0.9%	(6.9%)
Bank / Finance	\$1,927,222	0.4%	20.7%
Health / Beauty	\$1,417,498	0.3%	(40.4%)
Total	\$490,426,926	100.0%	49.6%



May Monthly Retail Sales

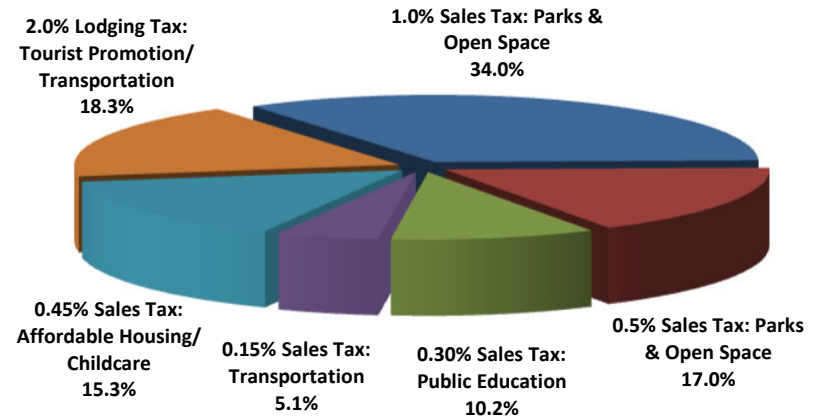
Category	Retail Sales	% of Total Retail Sales	% Change to 2021
Accommodations	\$5,677,800	13.8%	17.6%
Restaurants/Bars	\$5,112,628	12.4%	(1.4%)
Sports Equip/Clothing	\$1,365,043	3.3%	(20.0%)
Fashion Clothing	\$4,001,467	9.7%	15.8%
Construction	\$6,398,511	15.6%	(13.9%)
Food & Drug	\$3,808,128	9.3%	9.4%
Liquor	\$583,159	1.4%	(3.6%)
Miscellaneous	\$5,407,555	13.2%	17.6%
Jewelry/Gallery	\$1,714,355	4.2%	(11.2%)
Utilities	\$3,431,553	8.4%	0.0%
Automobile	\$2,706,022	6.6%	1.9%
Cannabis	\$355,669	0.9%	(32.8%)
Bank / Finance	\$341,839	0.8%	2.3%
Health / Beauty	\$184,115	0.4%	(2.5%)
Total	\$41,087,843	100.0%	1.8%



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

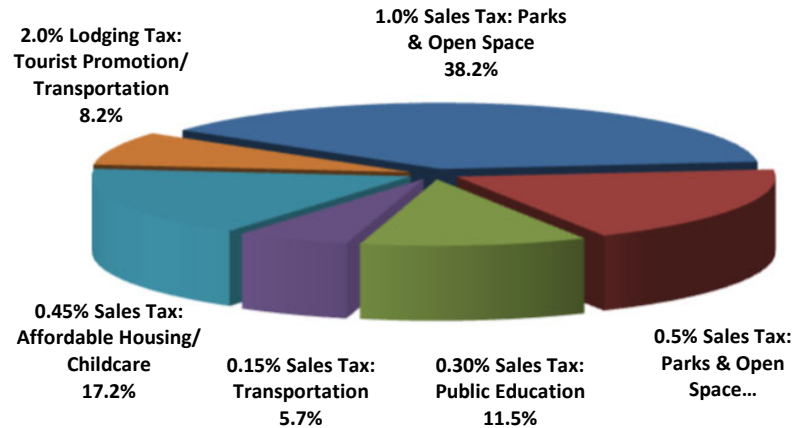
Year To Date Tax Collections

Tax Type	YTD Taxes Collected	% YTD Taxes
1.0% Sales Tax: Parks & Open Space	\$4,897,555.89	34.0%
0.5% Sales Tax: Parks & Open Space	\$2,448,772.69	17.0%
0.30% Sales Tax: Public Education	\$1,470,733.72	10.2%
0.15% Sales Tax: Transportation	\$734,639.55	5.1%
0.45% Sales Tax: Affordable Housing/ Childcare	\$2,203,893.30	15.3%
2.0% Lodging Tax: Tourist Promotion/ Transportation	<u>\$2,632,782.31</u>	<u>18.3%</u>
Total	\$14,388,377.46	100%



May Monthly Tax Collections

Tax Type	Monthly Taxes Collected	% Monthly Taxes
1.0% Sales Tax: Parks & Open Space	\$409,111.74	38.2%
0.5% Sales Tax: Parks & Open Space	\$204,555.95	19.1%
0.30% Sales Tax: Public Education	\$123,014.96	11.5%
0.15% Sales Tax: Transportation	\$61,367.61	5.7%
0.45% Sales Tax: Affordable Housing/ Childcare	\$184,100.90	17.2%
2.0% Lodging Tax: Tourist Promotion/ Transportation	<u>\$87,479.39</u>	<u>8.2%</u>
Total	\$1,069,630.55	100%



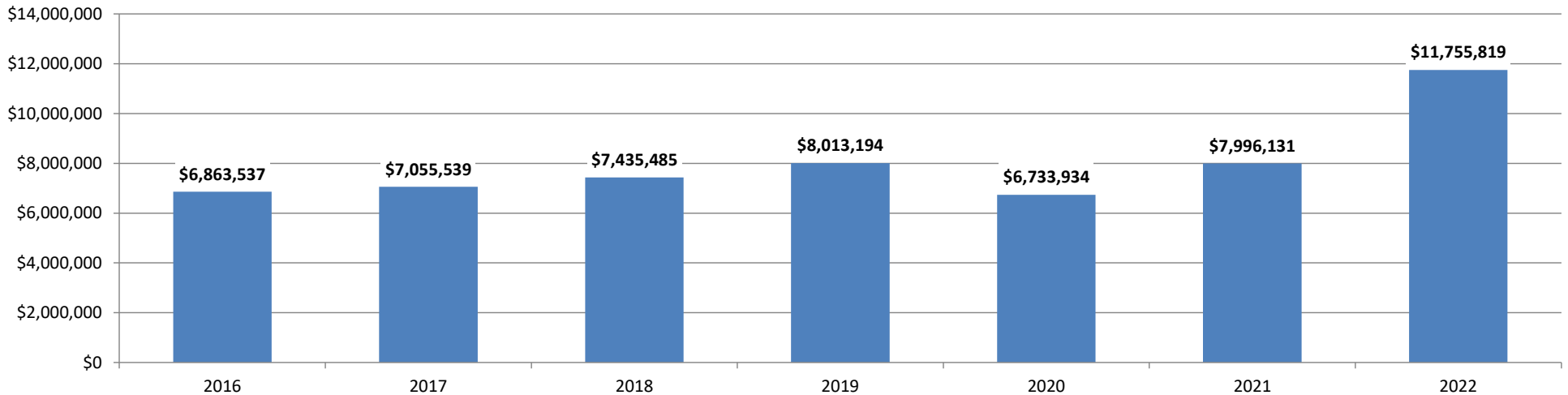
**City of Aspen Sales Tax 2.4%
May 2022**

Current Month Revenues are 1.8% above last year's Monthly Revenues.
Year To Date Revenues are 27.9% above Year To Date Budgeted Revenues.
Year To Date Revenues are 47.0% above last year's Actual Year To Date Revenues.

2022 Monthly Budget vs. 2022 Actual				2022 YTD Budget vs. 2022 Actual			2022 vs. 2021			
Month	Budget*	Actual	Variance	Budget*	Actual	Variance	2021 Monthly	Variance	2021 YTD	Variance
Jan	\$2,516,000	\$2,829,557	12.5%	\$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	31.9%	\$4,811,000	\$5,855,586	21.7%	\$1,673,483	80.8%	\$3,268,203	79.2%
Mar	\$2,623,000	\$3,555,334	35.5%	\$7,434,000	\$9,410,920	26.6%	\$2,645,788	34.4%	\$5,913,991	59.1%
Apr	\$956,000	\$1,362,748	42.5%	\$8,390,000	\$10,773,668	28.4%	\$1,117,415	22.0%	\$7,031,407	53.2%
May	\$802,000	\$982,151	22.5%	\$9,192,000	\$11,755,819	27.9%	\$964,724	1.8%	\$7,996,131	47.0%
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 May

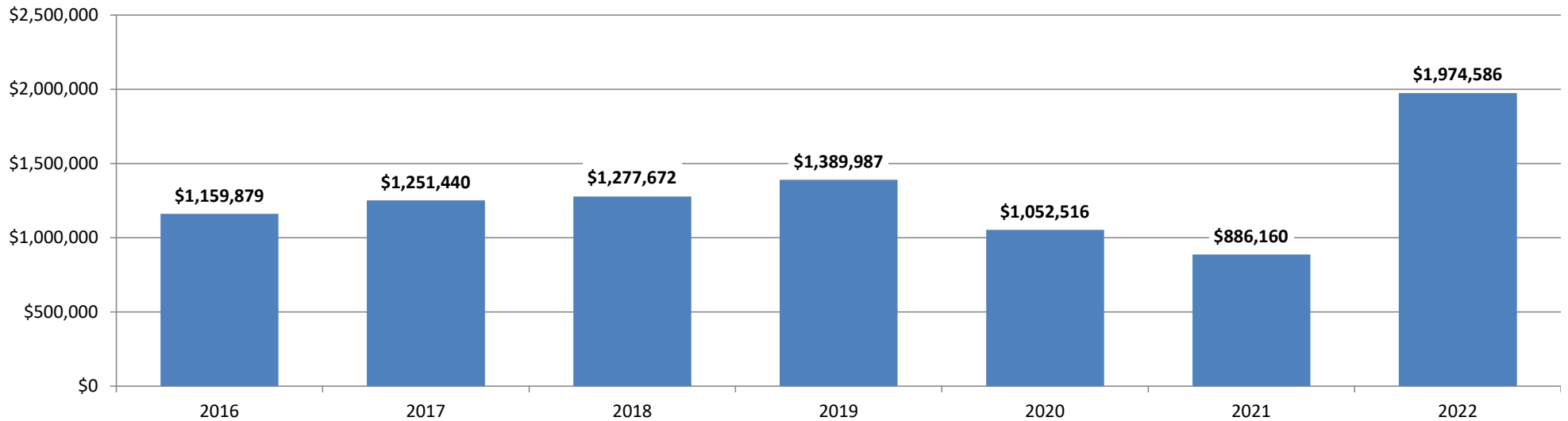


**City of Aspen Tourist Promotion 1.5% Lodging Tax (0.5% Rate for 2010 and Prior)
May 2022**

Current Month Revenues are 28.9% above last year's Monthly Revenues.
Year To Date Revenues are 39.4% above Year To Date Budgeted Revenues.
Year To Date Revenues are 122.8% above last year's Actual Year To Date Revenues.

2022 Monthly Budget vs. 2022 Actual				2022 YTD Budget vs. 2022 Actual			2022 vs. 2021			
<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	\$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	\$65,610	26.7%	\$1,416,800	\$1,974,586	39.4%	\$50,893	28.9%	\$886,160	122.8%
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 May

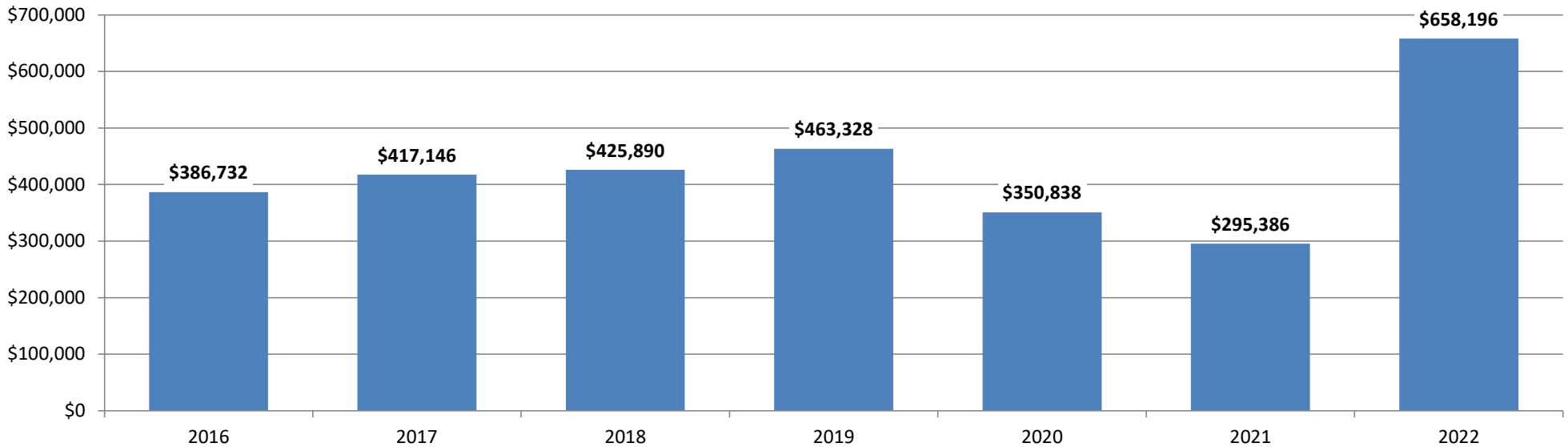


**City of Aspen Transportation 0.5% Lodging Tax
May 2022**

Current Month Revenues are 28.9% above last year's Monthly Revenues.
Year To Date Revenues are 39.4% above Year To Date Budgeted Revenues.
Year To Date Revenues are 122.8% 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	\$41,609	88.3%	\$455,000	\$636,326	39.9%	\$29,424	41.4%	\$278,421	128.5%
May	\$17,300	\$21,870	26.4%	\$472,300	\$658,196	39.4%	\$16,964	28.9%	\$295,386	122.8%
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 May

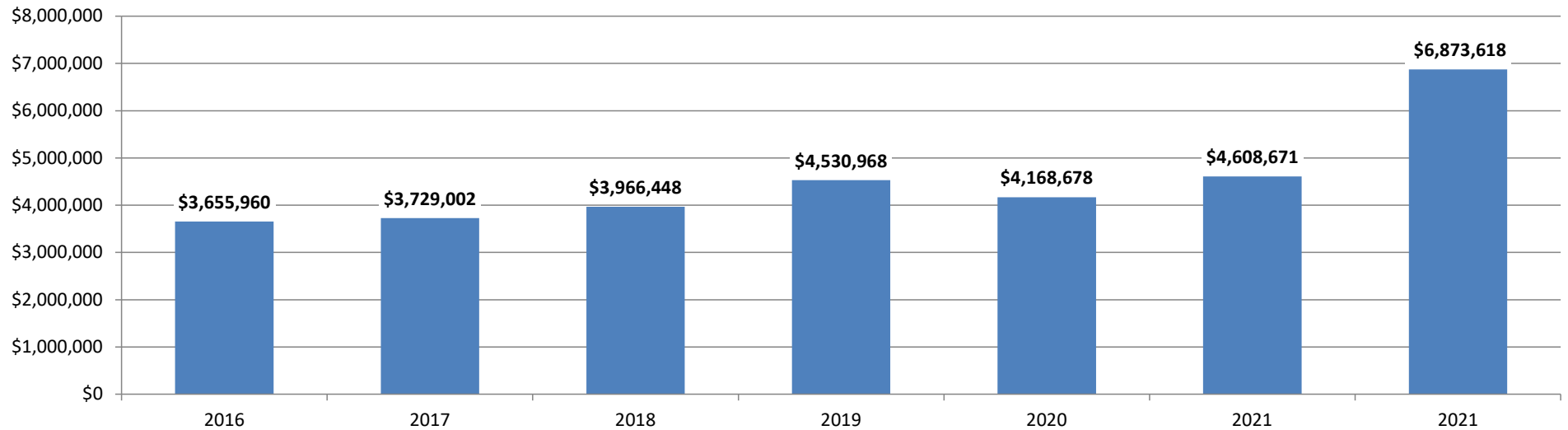


**City of Aspen Portion of Pitkin County 3.6% Sales Tax
April 2022**

Current Month Revenues are 18.6% above last year's Monthly Revenues.
Year To Date Revenues are 19.7% above Year To Date Budgeted Revenues.
Year To Date Revenues are 49.1% 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	\$2,125,220	25.8%	\$5,081,000	\$5,904,118	16.2%	\$1,515,832	40.2%	\$ 3,791,002	55.7%
Apr	\$660,000	\$969,500	46.9%	\$5,741,000	\$6,873,618	19.7%	\$817,669	18.6%	\$ 4,608,671	49.1%
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 April

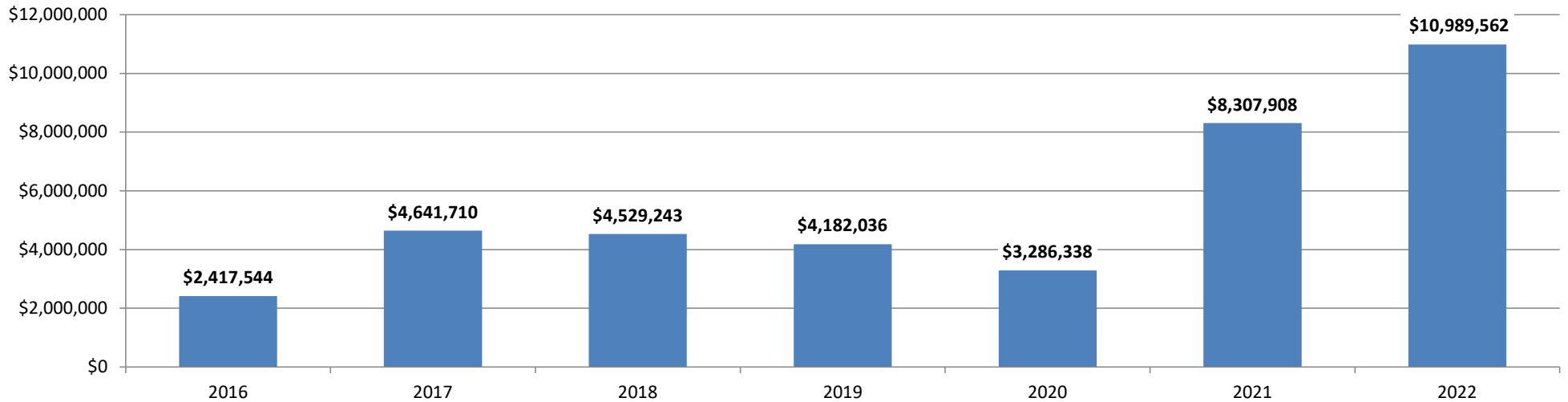


**Housing Real Estate Transfer Tax
June 2022**

Current Month Revenues are 6.5% above last year's Monthly Revenues.
Year To Date Revenues are 189.9% above Year To Date Budgeted Revenues.
Year To Date Revenues are 32.3% 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	\$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	\$1,467,414	112.4%	\$3,791,000	\$10,989,562	189.9%	\$1,377,685	6.5%	\$8,307,908	32.3%
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 June



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

Current Month Revenues are **6.2%** above last year's Monthly Revenues.
 Year To Date Revenues are **196.1%** above Year To Date Budgeted Revenues.
 Year To Date Revenues are **31.9%** 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	\$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	\$751,367	119.1%	\$1,912,000	\$5,660,914	196.1%	\$707,695	6.2%	\$4,291,686	31.9%
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 June

