

# Q3 2014



# National City Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2014)

## National City In Brief

Receipts for National City's July through September sales were 2.0% higher than the same quarter one year ago.

New auto sales rose 6.2% surpassing countywide trends. However, the drop in used auto sales took a bite out of the autos and transportation group overall.

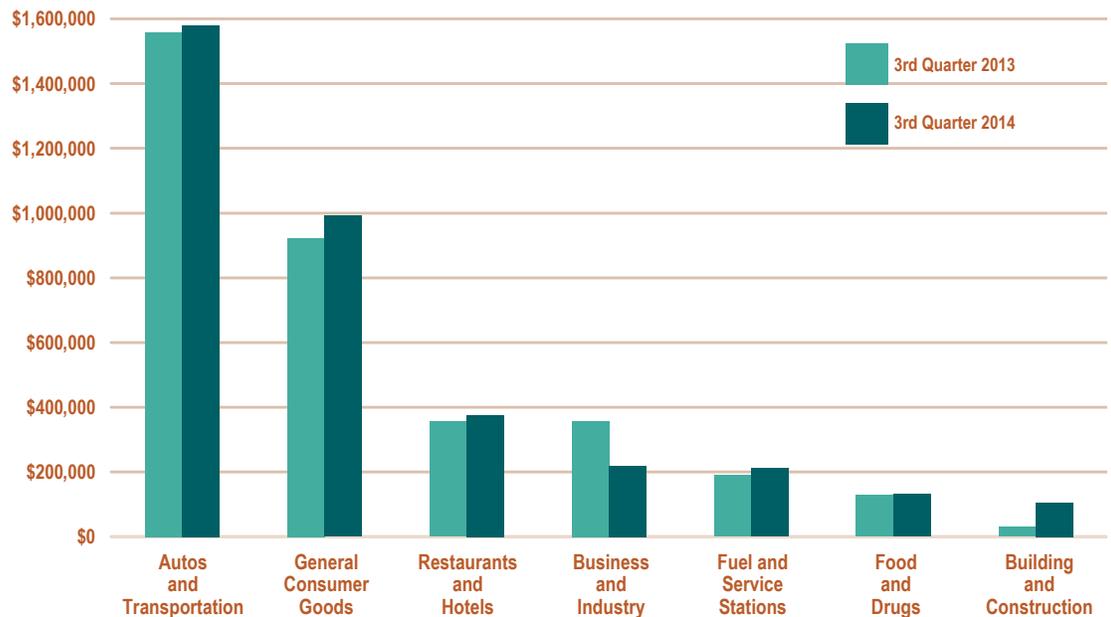
Summer retail sales had great results including department stores, family apparel, electronics/appliance stores, shoe stores and specialty stores. High performance in restaurants and hotels was understated by a taxpayer refund.

A partial payment a year ago contributed to the double digit increase in service stations while robust activity in building and construction was inflated by a year ago deduction.

Revenues from the city's voter-approved one cent transactions tax, Measure D, generated an additional \$2.4 million. Use tax that inflated the year ago quarter accounted for the 0.6% decline.

Adjusted for aberrations, taxable sales for all of San Diego County increased 4.9% over the comparable time period, while the Southern California region as a whole was up 5.1%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco AM PM	Probuild Company
Ball Honda Acura Mitsubishi Suzuki Kia	Ron Baker Chevrolet Ross
Frank Hyundai	South Bay Volkswagen
Frank Subaru	South County Buick GMC
Frank Toyota Scion	Target
Highland Arco	Tesoro Refining & Marketing
JC Penney	Univar
Macys	Vintners Shell Stations
Mor Furniture 4 Less	Walmart
Mossy Nissan	Wescott Mazda
Nordstrom Rack	Westair Gases & Equipment
Perry Chrysler Dodge Jeep Ram	
Perry Ford	

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2013-14	2014-15
<b>Point-of-Sale</b>	\$6,964,010	\$7,193,581
<b>County Pool</b>	864,634	904,258
<b>State Pool</b>	3,738	5,225
<b>Gross Receipts</b>	\$7,832,381	\$8,103,065
<b>Less Triple Flip*</b>	\$(1,958,095)	\$(2,025,766)
<b>Measure D</b>	\$4,763,425	\$4,942,826

\*Reimbursed from county compensation fund

**California Overall**

With payment aberrations removed, local sales tax revenues rose 5.5% over the comparable quarter of July through September 2013.

The largest gains were from the countywide use tax pools which have been boosted by the rising shift to online shopping and involve a larger portion of goods shipped from out-of-state. Rising sales from auto dealers and restaurants, high tech Silicon Valley business activities, and Southern California construction also contributed.

Among general consumer goods, discount department stores, value priced apparel, home goods, pet and personal care products outperformed other categories.

**The Impact of Falling Gas Prices on Sales Tax**

Fuel prices plunged to a 5 year low in December with predictions that expanded North American oil production, gains in fuel efficiency and a sluggish international economy will sustain lower gas prices through much of 2015.

Not all of the estimated \$50 to \$75 per month family savings will be spent on taxable goods. Part will be absorbed by rising costs of food and other non-taxable necessities and by the ongoing shift in buying habits from purchases of taxable goods to non-taxable services, cellphone fees and internet access.

Among the various economic segments that make up each agency's sales tax base, grocers, drug stores and restaurants should benefit most. Extra disposable income translates into more travel, dining out and impulse purchases of taxable items while shopping for food and necessities.

Despite intensive price competition, tax gains from general con-

sumer goods can also be expected although accelerating online shopping will shift much of the growth to the countywide allocation pools rather than brick and mortar stores.

Agencies with auto dealerships are also benefiting as lower fuel prices and increased fuel efficiency have buyers choosing more costly SUVs and accessories. Gains in home improvement purchases are anticipated although the tax will be distributed via countywide pools if the sale includes onsite installation.

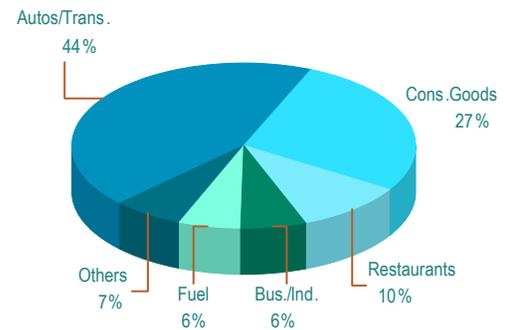
The major losing tax segment will be in fuel/service stations. The losses will be partially offset by increased travel/fuel consumption and by added costs associated with new green emission requirements that went into effect January 1. Even so, substantial declines from service stations, truck stops, bulk and jet fuel operators and petroleum industry suppliers should be anticipated. In the business/industry segment, tax from capital investment in new alternative energy and oil production projects is likely to slow.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

National City This Quarter



**NATIONAL CITY TOP 15 BUSINESS TYPES**

Business Type	*In thousands			
	National City Q3 '14*	National City Change	County Change	HdL State Change
Casual Dining	136.1	11.4%	2.7%	5.9%
Department Stores	140.8	5.1%	1.4%	0.8%
Discount Dept Stores	— CONFIDENTIAL —		1.7%	2.5%
Electronics/Appliance Stores	77.7	16.8%	7.5%	3.0%
Family Apparel	170.7	6.0%	1.7%	5.9%
Grocery Stores Liquor	50.7	-7.5%	6.1%	8.8%
Heavy Industrial	73.6	37.1%	19.5%	10.7%
Lumber/Building Materials	74.9	26.8%	-1.6%	4.3%
New Motor Vehicle Dealers	1,306.4	6.2%	6.3%	8.0%
Quick-Service Restaurants	218.3	11.4%	9.0%	8.5%
Service Stations	211.9	12.1%	1.5%	1.2%
Shoe Stores	61.4	2.0%	4.7%	6.5%
Specialty Stores	80.3	7.6%	1.9%	6.2%
Used Automotive Dealers	86.1	-11.5%	17.0%	12.4%
Women's Apparel	74.7	-1.9%	-7.6%	-1.1%
<b>Total All Accounts</b>	<b>\$3,615.3</b>	<b>2.1%</b>	<b>6.4%</b>	<b>5.5%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$460.4</b>	<b>1.4%</b>	<b>5.7%</b>	<b>10.2%</b>
<b>Gross Receipts</b>	<b>\$4,075.7</b>	<b>2.0%</b>	<b>6.3%</b>	<b>6.1%</b>