

# Q3 2013



# National City Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2013)

## National City In Brief

Receipts for National City's July through September sales were 11.4% higher than the same quarter one year ago.

Autos and transportation posted a strong quarter from new and used car sales and leases. In addition, receipts from business and industry were boosted by onetime payments.

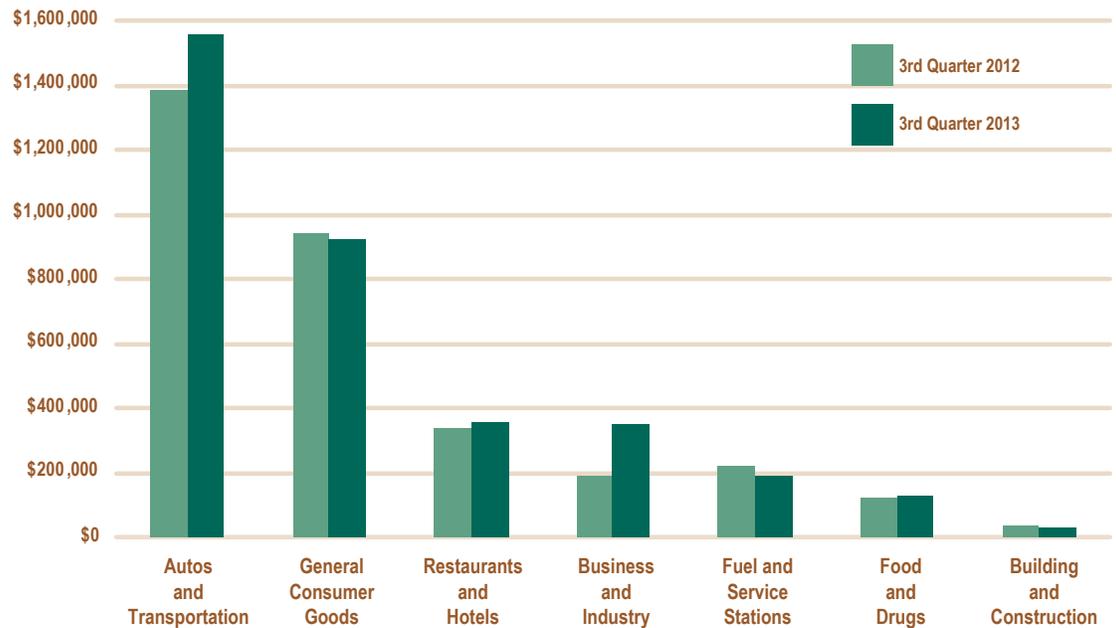
Higher receipts from quick service and fast casual eateries were responsible for the increase from the restaurant group. Accounting adjustments that lifted grocery stores inflated the food and drugs group.

Lower receipts from service stations partially offset the city's gains. General consumer goods also posted sales declines from family apparel, department stores, and home furnishings; however, the loss was exaggerated by payment anomalies. Onetime adjustments were responsible for temporarily depressing building and construction.

Measure "D", the city's voter approved transactions tax generated an additional \$2,452,022, an 8.3% increase over the same quarter last year.

Adjusted for aberrations, taxable sales for all of San Diego County increased 6.1% over the comparable time period, while the Southern California region as a whole was up 5.3%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Arco AM PM	One Source Distributors
Ball Honda Acura	Perry Chrysler
Mitsubishi Suzuki	Dodge Jeep Ram
Kia	Perry Ford
C & M Motors Truck Center	Probuild Company
Costco Optical Lab	Ron Baker
Frank Hyundai	Chevrolet
Frank Subaru	Ross
Frank Toyota Scion	Satis Vacuum of America
Highland Arco	South Bay Volkswagen
JC Penney	South County Buick GMC
Macys	Target
Mor Furniture 4 Less	Walmart
Mossy Nissan	Wescott Mazda
Nordstrom Rack	

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2012-13	2013-14
<b>Point-of-Sale</b>	\$6,450,617	\$6,964,010
<b>County Pool</b>	735,187	864,634
<b>State Pool</b>	2,061	3,738
<b>Gross Receipts</b>	<b>\$7,187,865</b>	<b>\$7,832,381</b>
<b>Less Triple Flip*</b>	\$(1,796,966)	\$(1,958,095)
<b>Measure D</b>	\$4,442,303	\$4,763,425

\*Reimbursed from county compensation fund

## Statewide Results

The local share of sales and use tax revenues from the summer sales quarter was temporarily reduced by a state computer glitch that failed to fully fund receipts from sellers of building and construction supplies. Actual sales activity was up 5.8% over last year's comparable quarter after adjusting for this and other aberrations. Overall performance was generally similar throughout most regions of the state.

New and used auto sales and leases again grew at double digit rates and were the primary contributor to the quarter's statewide growth. With on-line sales remaining strong and more businesses reporting due to the state's new out-of-state reporting requirements, countywide pool allocations became the second largest portion of this quarter's overall increase. Recovering building and construction activity was also significant with a 9.7% gain after adjusting for the delayed allocations.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the third consecutive quarter.

## Local Sales Tax Measures

Ten of twelve proposals for sales tax add-ons were approved in November as voters continued to support funding local services where they have more input and control.

New taxes were approved in Antioch, Corte Madera, Huron, Larkspur, San Anselmo and Scotts Valley. Existing add-ons were either increased or extended in El Monte, Rohnert Park, San Rafael and Stockton.

This brings the total number of city transactions and use tax districts to 135 and countywide districts to 44. Additional measures are expected to appear on local ballots in 2014.

## Tax Rebates

Effective January 1, AB 562 (Williams) requires public notice and hearings on economic subsidies exceeding \$100,000. Identification of beneficiaries of the subsidy, the amounts, the beginning and ending dates and promised tax and job benefits are required as are periodic up-dates.

As on-line sales divert a greater portion of tax revenues from business and consumer purchases to centralized fulfillment centers, rebates of up to 85% are being bid in exchange for being the "point of sale" for the remainder. This bill encourages deeper evaluation of agreements that are collectively transferring an alarming share of statewide local sales tax to corporate bottom lines while cutting revenues for public services.

## Holiday Sales Tax Shifts

Local tax receipts from fourth quarter sales will not be seen until March but may differ from previous years. Some forecasters predicted that on-line shopping would account for

up to 40% of holiday sales which would transfer that portion of the tax from stores to central fulfillment centers or county allocation pools. Final tax results from holiday spending will be pushed into June based on a National Retail Federation survey that showed 80% of shoppers gave at least one gift card. Tax is not charged until a gift card is redeemed.

## SALES PER CAPITA



## NATIONAL CITY TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	National City Q3 '13*	National City Change	County Change	HdL State Change
Auto Lease	63.8	36.0%	22.7%	18.1%
Casual Dining	102.7	-0.3%	1.3%	2.8%
Department Stores	137.6	-4.1%	1.1%	1.6%
Discount Dept Stores	218.4	-1.3%	-4.1%	-8.1%
Electrical Equipment	77.9	140.6%	-23.7%	-2.7%
Electronics/Appliance Stores	65.2	9.3%	-0.5%	4.2%
Family Apparel	153.1	-11.1%	6.0%	5.7%
Light Industrial/Printers	92.4	193.0%	-4.2%	2.9%
New Motor Vehicle Dealers	1,277.0	12.9%	12.6%	12.8%
Quick-Service Restaurants	204.5	9.0%	4.3%	4.1%
Service Stations	189.0	-14.7%	-2.3%	-1.5%
Shoe Stores	60.2	1.7%	4.0%	6.5%
Specialty Stores	76.6	10.7%	9.3%	7.7%
Used Automotive Dealers	97.3	11.6%	0.1%	11.5%
Women's Apparel	76.1	-0.1%	1.3%	1.0%
<b>Total All Accounts</b>	<b>\$3,541.7</b>	<b>9.4%</b>	<b>2.4%</b>	<b>2.5%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$454.2</b>	<b>29.4%</b>	<b>21.1%</b>	<b>12.5%</b>
<b>Gross Receipts</b>	<b>\$3,995.9</b>	<b>11.4%</b>	<b>4.2%</b>	<b>3.5%</b>