

# Q2 2013



# National City Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (April - June 2013)

## National City In Brief

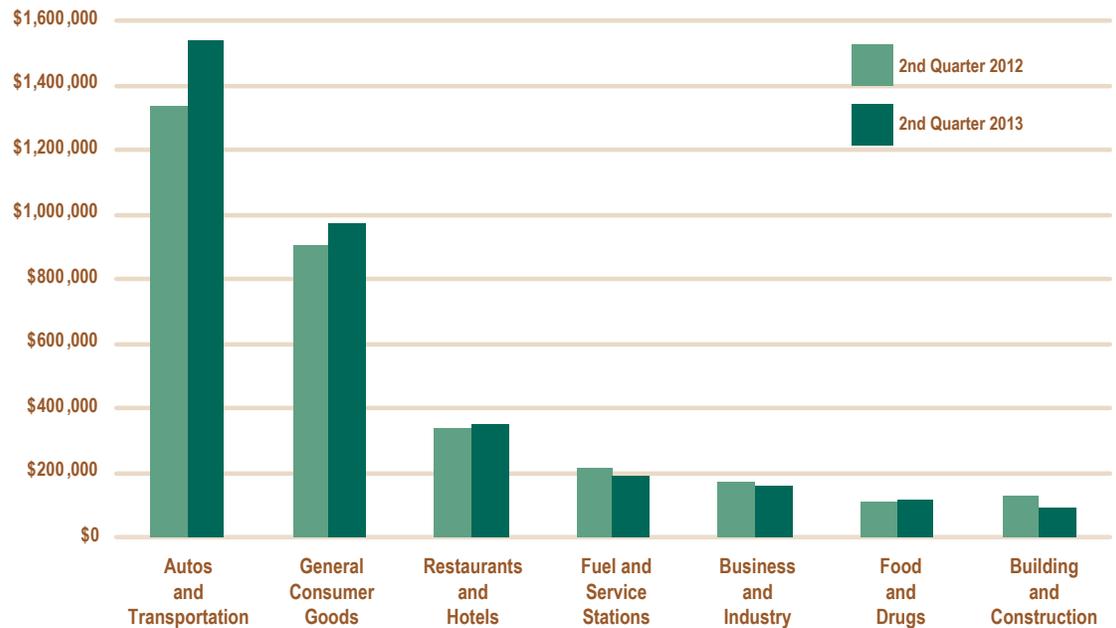
The allocation of sales and use tax revenues from National City's April through June sales quarter was 6.6% higher than the same quarter one year ago.

A strong sales quarter for autos, motorcycles and auto leasing plus recent additions to the consumer electronics category all contributed to the increase. The retroactive correction of a reporting error in the shoe store classification was also a factor.

The gains were partially offset by a decline in fuel prices and usage, by the previous loss of a point of sale for a construction supplier, and by an accounting negative adjustment in the business-industry group.

Adjusted for aberrations, sales and use tax receipts for all of San Diego County and Southern California as a whole were up 5.2% over the comparable time period.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Arco AM PM	Probuild Company
Ball Honda Acura	Ron Baker
Mitsubishi Suzuki	Chevrolet
Kia	Ross
Frank Hyundai	South Bay
Frank Subaru	Volkswagen
Frank Toyota Scion	South County Buick
Highland Arco	GMC
JC Penney	Sweetwater Harley
Macys	Davidson
Mor Furniture 4 Less	Target
Mossy Nissan	Univar
Nordstrom Rack	Vans
Perry Chrysler	Vintners
Dodge Jeep Ram	Distributors
Perry Ford	Walmart
	Wescott Mazda

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$3,213,878	\$3,422,336
County Pool	383,014	411,739
State Pool	3,226	2,386
<b>Gross Receipts</b>	<b>\$3,600,118</b>	<b>\$3,836,461</b>
Less Triple Flip*	\$(900,030)	\$(959,115)
<b>Measure D</b>	<b>\$2,177,893</b>	<b>\$2,311,403</b>

\*Reimbursed from county compensation fund

**State Overall**

Adjusted for accounting anomalies, receipts from local governments' one cent sales and use tax were up 5.4% over the second quarter of 2012.

More than half of the increase was driven by a strong quarter for auto sales plus new revenues flowing to the countywide use tax allocation pools largely as result of the previous passage of AB 155's expanded definition of nexus for out-of-state companies required to collect California sales and use taxes.

Receipts from the building and construction categories exhibited significant gains reflecting the beginning of a recovery in new housing construction and considerable remodeling activity. Restaurant sales were also strong but limited to low priced quick service chains and higher priced fine dining restaurants with full liquor licenses.

Gains from general consumer goods were modest overall and tended to be retailer and community specific. Tax revenues from fuel were down from last year's comparable quarter while receipts from business and industrial purchases were flat with the few increases in that group primarily tied to agriculture and food processing.

**The Remaining Fiscal Year**

The general consensus is that the state's economy will continue to recover in 2013-14 but sales tax growth may be more modest in the second half of the fiscal year than the first half.

Auto sales which have been up by double digits from years of pent-up demand are expected to plateau in another quarter or two with the pace of growth returning to more normal levels. With consumers taking on more debt to purchase new cars and homes, discretion-

ary spending on other items is expected to slow. Low inflation, price competition and a job recovery tilted toward low paying or part-time work will also keep the cost of taxable goods in check.

The six year boom in the state's technology sector appears to be slowing with companies shifting from buying their own hardware and software to renting computer power through cloud based services. Gas prices will continue to be impacted by refinery shutdowns, Middle East crises and oil speculators. However with today's new cars almost 20% more fuel efficient than those sold only six years ago, further tax gains from this segment are not anticipated.

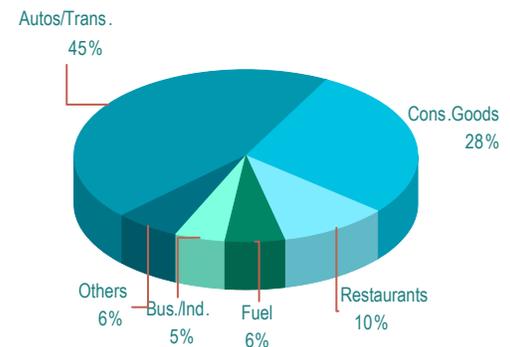
Continued recovery in construction activity is expected to generate a major share of sales tax growth in the second half of the fiscal year. With rising home and stock market values benefiting higher income families, luxury goods in all categories are also projected to show solid gains.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

National City This Quarter



**NATIONAL CITY TOP 15 BUSINESS TYPES**

Business Type	National City		County	HdL State
	Q2 '13*	Change	Change	Change
Auto Lease	52.6	75.6%	3.7%	13.4%
Department Stores	147.5	-1.4%	-0.7%	0.2%
Discount Dept Stores	205.5	3.2%	2.0%	2.3%
Electronics/Appliance Stores	72.8	27.1%	6.6%	4.7%
Family Apparel	153.5	-5.5%	5.2%	4.7%
Heavy Industrial	57.2	12.6%	10.4%	6.1%
Lumber/Building Materials	55.5	5.1%	-3.8%	-4.4%
New Motor Vehicle Dealers	1,239.2	14.2%	12.6%	11.1%
Restaurants Liquor	48.4	-1.9%	4.6%	9.3%
Restaurants No Alcohol	249.1	5.6%	1.9%	5.9%
Service Stations	189.5	-11.0%	-9.5%	-5.7%
Shoe Stores	91.0	67.5%	49.6%	39.9%
Specialty Stores	75.8	10.3%	4.1%	5.1%
Used Automotive Dealers	102.0	22.9%	0.6%	9.4%
Women's Apparel	80.1	0.2%	5.3%	3.0%
<b>Total All Accounts</b>	<b>\$3,422.3</b>	<b>6.5%</b>	<b>3.9%</b>	<b>7.0%</b>
<b>County &amp; State Pool Allocation</b>	<b>414.1</b>	<b>7.2%</b>		
<b>Gross Receipts</b>	<b>\$3,836.5</b>	<b>6.6%</b>		<i>*In thousands</i>