

# Q4 2012



# National City Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (October - December 2012)

## National City In Brief

Receipts for National City's October through December sales were 3.1% higher than the same quarter one year ago.

The 17.2% increase in new autos from higher sales and a new dealership was consistent with county and statewide trends. A new business and better returns in heavy industry contributed to the rise in the business and industry group. Revenues rose in both food and drugs and restaurants.

An increase in the city's share of the countywide use tax allocation pool added to gross receipts.

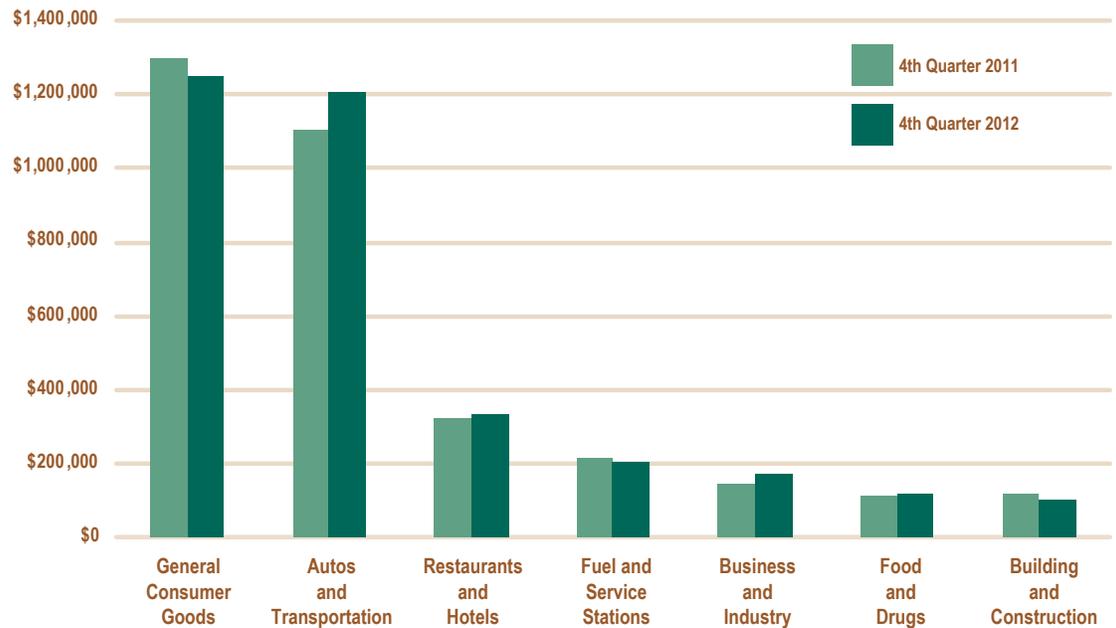
The gain in women's apparel, electronics/appliance stores, shoes stores, home furnishings and jewelry stores was offset by lower returns in other general retail sectors. A onetime use tax allocation that inflated the year-ago period exaggerated the loss.

Temporary payment deviation accounted for the decline in building-related sectors.

Proceeds from the city's voter-approved half cent transactions tax, Proposition D, generated an additional \$2,491,807. This was 1.4% lower than a year ago.

Adjusted for aberrations, taxable sales for all of San Diego County increased 5.6% over the comparable time period, while the Southern California region as a whole was up 6.7%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Arco AM PM	Probuild Company
Ball Honda Acura	Ron Baker Chevrolet
Mitsubishi Suzuki	Ross
Kia	South Bay
Frank Hyundai	Volkswagen
Frank Subaru	South County Buick
Frank Toyota Scion	GMC
Highland Arco	Target
JC Penney	Tesoro Refining & Marketing
Macys	Toys R Us
McCune Motors	Univar
Mor Furniture 4 Less	Walmart
Mossy Nissan	Wescott Mazda
Nordstrom Rack	Westside Building Material
Perry Ford	

### REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$8,991,985	\$9,846,539
County Pool	1,042,823	1,169,838
State Pool	1,123	4,520
<b>Gross Receipts</b>	<b>\$10,035,931</b>	<b>\$11,020,896</b>
Less Triple Flip*	\$(2,508,983)	\$(2,755,224)
<b>Gross Trans. Tax</b>	<b>\$7,002,811</b>	<b>\$6,934,110</b>

\*Reimbursed from county compensation fund

## Statewide Results

Statewide sales tax receipts for October through December sales were up 3.4%; however, net of onetime payment aberrations, actual sales increased 6.1% compared to the same sales period in 2011.

The autos and transportation group, led by continued strong sales of new cars and light trucks, recorded another quarter of robust increases over prior year results and accounted for 26% of the adjusted statewide gain. For many general consumer goods retailers the holiday sales season can be the difference between a profit and a loss for the year. This group bested year-ago receipts by 4.3%. Business and industry totals again included tax receipts from a variety of alternative energy projects. Heavy industrial, office equipment and office supplies/furniture also contributed to the group's 5.3% increase. Restaurant dining remained popular as overall sales moved up 5.7%, with most of the increase going to full and quick-service operators. Higher prices at the pump bolstered returns for fuel and service stations which posted a 2.1% rise, even as gasoline consumption for the period trended down. Receipts for building and construction increased 5.3%, while food and drugs gained 1.5%. County use tax pool totals were buoyed by receipt of previously uncollected taxes on internet sales.

## First Full Quarter for AB 155

AB 155 expanded the definition of nexus to include out-of-state sellers with statewide annual sales of \$1M or more and who have in-state affiliates providing services tied to those out-of-state sales. Effective September 15, 2012 companies meeting these criteria were required to collect California sales and use tax.

The 26 companies HdL has identified to date as falling under AB 155's criteria produced slightly over \$12M in local one-cent sales tax revenues in the fourth quarter of 2012. It is estimated that this will translate into annual revenues of about \$0.80 per capita. To date, the revenues are being allocated to all jurisdictions in California via the countywide use tax allocation pools. Each city and county receives its proportionate share of the pool based on its ratio of taxable sales.

Past deal making by high volume retailers suggests that new revenues could eventually be redirected to just a few agencies in exchange for sales tax rebates as more out-of-state companies decide where to locate their in-state distribution warehouses. Online sellers already located in the state have negotiated rebates as high as 85% of the local sales tax they collect.

S.336/HR.684, the Federal Marketplace Fairness Act, would provide

a uniform approach to allowing all states to require online and remote sellers to collect sales taxes. The bills are strongly supported by a coalition of national retailers and local governments but are opposed by eBay and anti-tax groups. Although the Senate has adopted a resolution of support, the bills themselves have not been formally acted upon in either the Senate or House of Representatives.

## SALES PER CAPITA



## NATIONAL CITY TOP 15 BUSINESS TYPES

Business Type	National City		County	HdL State
	Q4 '12*	Change	Change	Change
Department Stores	229.9	-10.7%	-5.0%	-3.2%
Discount Dept Stores	255.8	-8.9%	4.6%	4.4%
Electronics/Appliance Stores	75.3	4.3%	10.3%	3.6%
Family Apparel	221.0	-5.8%	7.6%	8.4%
Heavy Industrial	57.9	20.3%	6.5%	10.9%
Home Furnishings	45.1	7.4%	7.0%	6.8%
Lumber/Building Materials	48.5	-21.8%	-73.4%	-68.1%
New Motor Vehicle Dealers	1,035.2	17.2%	17.4%	17.2%
Restaurants Beer And Wine	42.7	1.9%	-1.5%	-0.1%
Restaurants No Alcohol	246.3	7.5%	5.0%	5.1%
Service Stations	204.7	-1.6%	-1.0%	2.8%
Shoe Stores	74.6	4.2%	5.4%	8.4%
Specialty Stores	114.9	-2.0%	-0.5%	-0.6%
Used Automotive Dealers	69.1	-9.0%	0.2%	7.9%
Women's Apparel	106.5	3.8%	3.0%	5.4%
<b>Total All Accounts</b>	<b>\$3,395.9</b>	<b>2.3%</b>	<b>2.0%</b>	<b>2.0%</b>
<b>County &amp; State Pool Allocation</b>	<b>437.1</b>	<b>9.8%</b>		
<b>Gross Receipts</b>	<b>\$3,833.0</b>	<b>3.1%</b>		<i>*In thousands</i>