

# Q3 2013



# City of Poway Sales Tax Update

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

## Poway In Brief

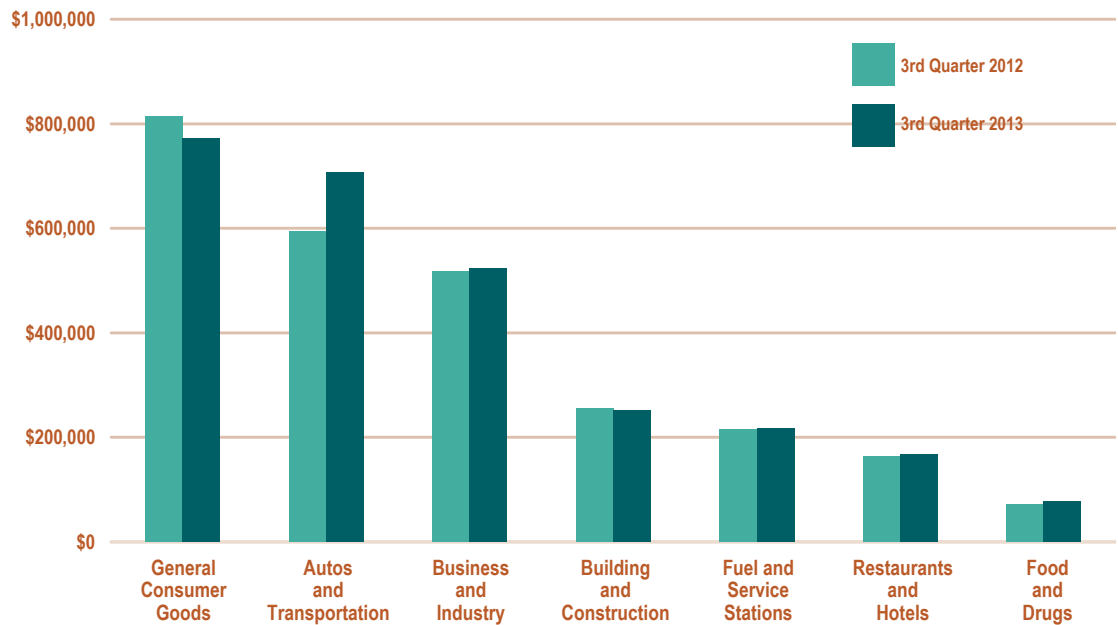
Receipts from third quarter sales were 5.2% higher than the like sales period one year earlier but onetime reporting aberrations skewed the data. Excluding anomalies, actual sales rose 2.6%.

The largest dollar increases were from sales of new motor vehicles but the city's allocation from the countywide use tax pool also moved up strongly. Results from other industry groups were more modest. Business and industry totals were up, but only because late-arriving receipts from prior quarter sales inflated quarterly amounts. New restaurant additions contributed to gains in the restaurants and hotels category. A retroactive payment adjustment inflated the food and drugs comparison. Fuel and service station proceeds remained positive despite generally lower gasoline prices during the period.

Building and construction and general consumer groups declined. Onetime accounting adjustments caused the building and construction decrease and exaggerated drop in the general consumer goods comparison.

Net of temporary accounting adjustments, all of San Diego County gained 6.1%; statewide sales grew 5.3%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS In Alphabetical Order

Bay City Electric	Poway Chrysler Dodge Jeep Ram
Chevron	
Circle K	Poway Honda
Costco	Poway Mitsubishi Hyundai & Vespa
Exoil	
Exxon	Poway Mobil
Ferguson Waterworks	Poway Toyota/Scion
General Atomics Aeronautical Systems	Quality Steel Fabricators
Home Depot	Specialty Care Group
Home Goods	Sysco Food Services
Kohls	Target
Mitchell Repair	Walmart
Mossy Nissan	
Perry Ford	
Pomerado Hospital	

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2012-13	2013-14
<b>Point-of-Sale</b>	\$2,630,371	\$2,717,297
<b>County Pool</b>	286,198	347,477
<b>State Pool</b>	(947)	1,037
<b>Gross Receipts</b>	\$2,915,622	\$3,065,811
<b>Less Triple Flip*</b>	\$(728,906)	\$(766,453)

\*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 updates.

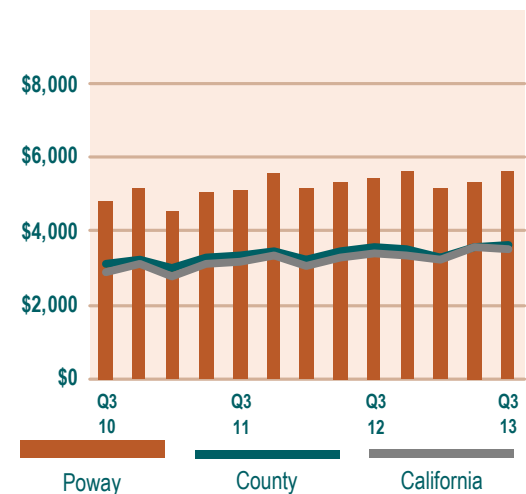
As on-line sales divert a greater portion of tax revenues from business and consumer purchases to centralized fulfillment centers, rebates of up to 85% are being bid in exchange for being the "point of sale" for the remainder. This bill encourages deeper evaluation of agreements that are collectively 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**



**POWAY TOP 15 BUSINESS TYPES**

Business Type	*In thousands			
	Poway Q3 '13*	Poway Change	County Change	HdL State Change
Casual Dining	50.6	-12.0%	5.5%	4.2%
Contractors	57.5	15.2%	19.2%	11.1%
Department Stores	— CONFIDENTIAL —	—	1.1%	1.6%
Discount Dept Stores	— CONFIDENTIAL —	—	-4.1%	-8.2%
Electrical Equipment	118.1	-16.5%	-23.9%	-3.1%
Food Service Equip./Supplies	79.7	18.1%	17.9%	7.6%
Heavy Industrial	44.5	-31.0%	9.9%	10.5%
Lumber/Building Materials	128.4	-10.3%	-15.4%	-15.8%
Medical/Biotech	68.4	387.3%	-41.7%	1.3%
New Motor Vehicle Dealers	569.9	22.2%	12.4%	12.7%
Office Supplies/Furniture	44.6	-39.1%	10.2%	2.8%
Plumbing/Electrical Supplies	56.6	7.1%	19.4%	3.7%
Quick-Service Restaurants	66.3	5.1%	3.9%	4.0%
Service Stations	214.2	1.5%	-2.3%	-1.4%
Specialty Stores	47.1	15.6%	9.5%	7.9%
<b>Total All Accounts</b>	<b>\$2,717.3</b>	<b>3.3%</b>	<b>2.4%</b>	<b>2.5%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$348.5</b>	<b>22.2%</b>	<b>21.1%</b>	<b>12.5%</b>
<b>Gross Receipts</b>	<b>\$3,065.8</b>	<b>5.2%</b>	<b>4.2%</b>	<b>3.5%</b>