

Q3  
2013



# City of Colton Sales Tax *Update*

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

## Colton In Brief

Third quarter receipts jumped 29% from the like sales period one year earlier. Factoring out onetime payment aberrations made no difference in the quarterly comparison.

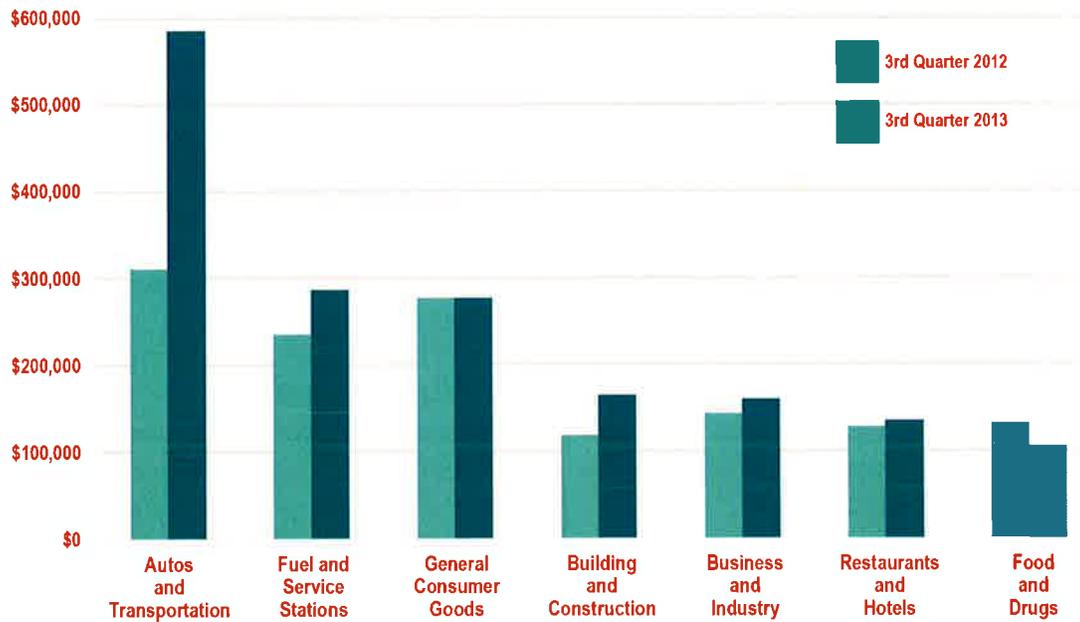
Gains came principally from the autos and transportation, building and construction, fuel and service station and business and industry categories and easily surpassed county-wide and statewide trends.

Increases in the autos, building and construction and business and industry groups were due to strong sales in multiple business groups, signaling broad-based economic expansion in those categories. Multiple segments in the restaurants and hotel group were also up.

Receipts from the fuel and service station category fell due to lower prices at the pump and a business closeout. General consumer goods showed little change from the comparison quarter.

Net of temporary accounting adjustments, all of San Bernardino County was up 4.3%; statewide sales grew 5.3%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

|                           |                          |
|---------------------------|--------------------------|
| 7 Eleven                  | McMahons RV              |
| American Fuel Gas Station | McNeilus Trucking        |
| Arco AM PM                | Mike Thompsons RVs       |
| Ashley Furniture          | Mobil                    |
| AZ Bus Sales              | Ross                     |
| Brithinee Electric        | Royal Truck Stop         |
| Chadwick Auto Wholesale   | Squires Lumber           |
| Circle K                  | Stater Bros              |
| Cutting Edge Supply       | Valero                   |
| Dion & Sons               | Valley Colton Truck Stop |
| Food 4 Less               | Walmart                  |
| Giant RV                  | Westrux International    |
| Lucky Oil                 |                          |

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

|                       | 2012-13            | 2013-14            |
|-----------------------|--------------------|--------------------|
| Point-of-Sale         | \$2,652,820        | \$3,229,245        |
| County Pool           | 274,328            | 345,332            |
| State Pool            | 823                | 1,685              |
| <b>Gross Receipts</b> | <b>\$2,927,971</b> | <b>\$3,576,262</b> |
| Less Triple Flip*     | \$(731,993)        | \$(894,065)        |

\*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.

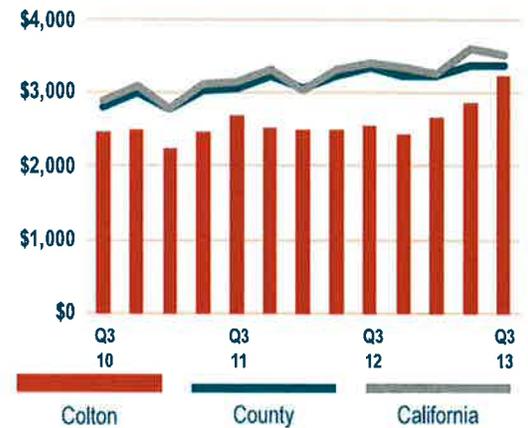
As on-line sales divert a greater portion of tax revenues from business and consumer purchases to centralized fulfillment centers, rebates of up to 85% are being bid in exchange for being the "point of sale" for the remainder. This bill encourages deeper evaluation of agreements that are collectively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



**COLTON TOP 15 BUSINESS TYPES**

| Business Type                             | *In thousands    |               |               |                  |
|---|------------------|---------------|---------------|------------------|
|   | Colton Q3 '13*   | Colton Change | County Change | HdL State Change |
| Automotive Supply Stores                  | 27.6             | 10.2%         | 8.4%          | 5.7%             |
| Casual Dining                             | 24.5             | -5.8%         | 4.2%          | 3.7%             |
| Contractors                               | 30.0             | 0.7%          | -1.1%         | 11.1%            |
| Discount Dept Stores                      | —                | CONFIDENTIAL  | -10.4%        | -8.2%            |
| Electrical Equipment                      | 45.2             | -1.7%         | 15.4%         | -3.1%            |
| Food Service Equip./Supplies              | 21.3             | 30.1%         | 0.8%          | 7.2%             |
| Grocery Stores Liquor                     | 73.4             | -29.9%        | -13.2%        | -9.7%            |
| Home Furnishings                          | —                | CONFIDENTIAL  | 8.8%          | 10.2%            |
| Lumber/Building Materials                 | 121.3            | 59.3%         | -12.5%        | -15.8%           |
| New Motor Vehicle Dealers                 | 264.0            | 314.6%        | 14.0%         | 12.7%            |
| Petroleum Prod/Equipment                  | —                | CONFIDENTIAL  | -11.7%        | -7.1%            |
| Quick-Service Restaurants                 | 98.8             | 4.6%          | 4.8%          | 4.0%             |
| Service Stations                          | 257.0            | 13.3%         | 0.5%          | -1.5%            |
| Trailers/RVs                              | 219.4            | 40.3%         | 36.7%         | 24.9%            |
| Used Automotive Dealers                   | 50.3             | -1.2%         | 11.3%         | 11.8%            |
| <b>Total All Accounts</b>                 | <b>\$1,711.2</b> | <b>27.6%</b>  | <b>1.5%</b>   | <b>2.5%</b>      |
| <b>County &amp; State Pool Allocation</b> | <b>\$191.0</b>   | <b>42.9%</b>  | <b>13.7%</b>  | <b>12.5%</b>     |
| <b>Gross Receipts</b>                     | <b>\$1,902.2</b> | <b>29.0%</b>  | <b>2.6%</b>   | <b>3.5%</b>      |