

# Q3 2013



# City of Menifee Sales Tax Update

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

## Menifee In Brief

Receipts for Menifee's July through September sales were 7.1% higher than the year-ago period, after adjusting for onetime payment aberrations. The city experienced a strong sales quarter for autos/transportation, general consumer goods and restaurants.

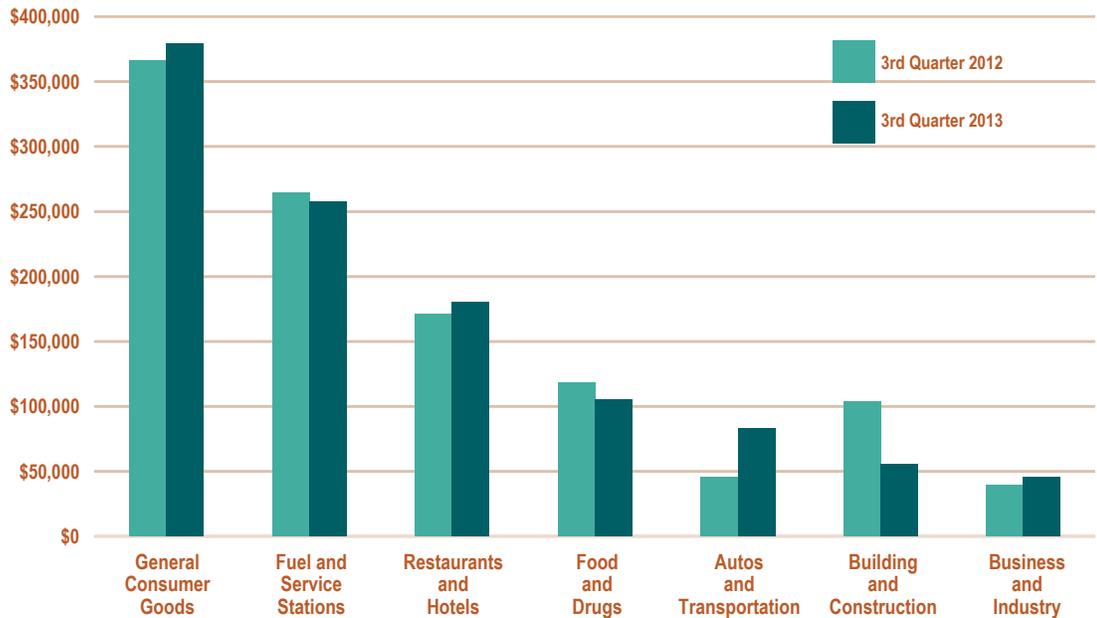
The city's allocation from the county use tax pool contributed to overall gains.

Prior to onetime adjustments being factored in, including a state processing glitch that temporarily cut receipts from the building and construction group, actual receipts were flat. Delayed amounts will appear in next quarter's data.

Accounting adjustments that inflated year-ago receipts exaggerated the drop in the food and drug comparison.

Adjusted for aberrations, taxable sales for all of Riverside County increased 5.9% 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

Ahern Rentals	Menifee Mart
Apro	Orco Block
Arco AM PM	Ralphs
Best Buy	Richardsons Auto & RV Sales
BJs Restaurant & Brewhouse	Rite Aid
Chevron	Ross
Circle K	Stater Bros
Euramax International	Sun City Chevron
Kohls	Target
Living Spaces Furniture	Tesoro Refining & Marketing
McDonalds	Texas Roadhouse
Menifee Car Wash	TJ Maxx
	Walgreens

## REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2012-13	2013-14
<b>Point-of-Sale</b>	\$2,316,728	\$2,309,473
<b>County Pool</b>	260,811	244,664
<b>State Pool</b>	815	1,242
<b>Gross Receipts</b>	\$2,578,354	\$2,555,379
<b>Less Triple Flip*</b>	\$(644,588)	\$(638,845)

\*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.

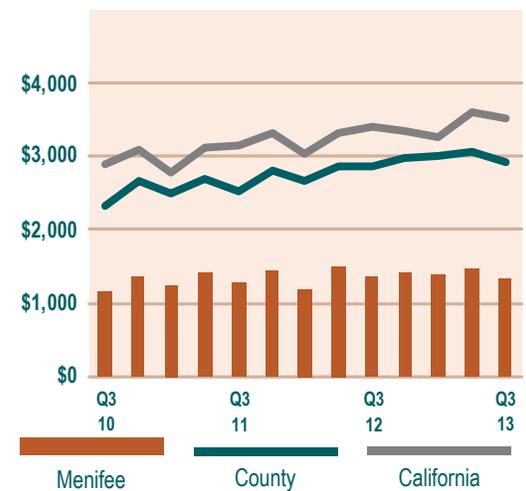
As on-line sales divert a greater portion of tax revenues from business and consumer purchases to centralized fulfillment centers, rebates of up to 85% are being bid in exchange for being the "point of sale" for the remainder. This bill encourages deeper evaluation of agreements that are collectively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



**MENIFEE TOP 15 BUSINESS TYPES**

Business Type	*In thousands			
	Menifee Q3 '13*	Menifee Change	County Change	HdL State Change
Casual Dining	55.8	10.3%	3.3%	4.0%
Contractors	49.5	28.6%	18.1%	11.1%
Department Stores	— CONFIDENTIAL —	—	2.7%	1.6%
Discount Dept Stores	— CONFIDENTIAL —	—	-11.2%	-8.2%
Drug Stores	30.6	7.5%	1.6%	-0.2%
Electronics/Appliance Stores	63.2	0.3%	4.1%	4.0%
Family Apparel	64.1	-0.7%	3.8%	5.8%
Fast-Casual Restaurants	19.0	9.9%	9.9%	4.7%
Grocery Stores Liquor	59.7	-21.0%	-14.3%	-9.7%
Home Furnishings	— CONFIDENTIAL —	—	7.3%	10.3%
Quick-Service Restaurants	87.1	1.4%	4.5%	4.0%
Repair Shop/Equip. Rentals	22.4	6.2%	-12.9%	10.9%
Service Stations	255.7	-2.7%	-1.9%	-1.4%
Specialty Stores	24.4	12.6%	7.7%	7.6%
Trailers/RVs	— CONFIDENTIAL —	—	26.0%	24.9%
<b>Total All Accounts</b>	<b>\$1,105.8</b>	<b>-0.2%</b>	<b>3.1%</b>	<b>2.5%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$120.0</b>	<b>2.8%</b>	<b>6.2%</b>	<b>12.5%</b>
<b>Gross Receipts</b>	<b>\$1,225.8</b>	<b>0.0%</b>	<b>3.4%</b>	<b>3.5%</b>