

# Q3 2015



# City of Menifee Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2015)

## Menifee In Brief

Menifee's receipts from July through September were 11.6% above the third sales period in 2014.

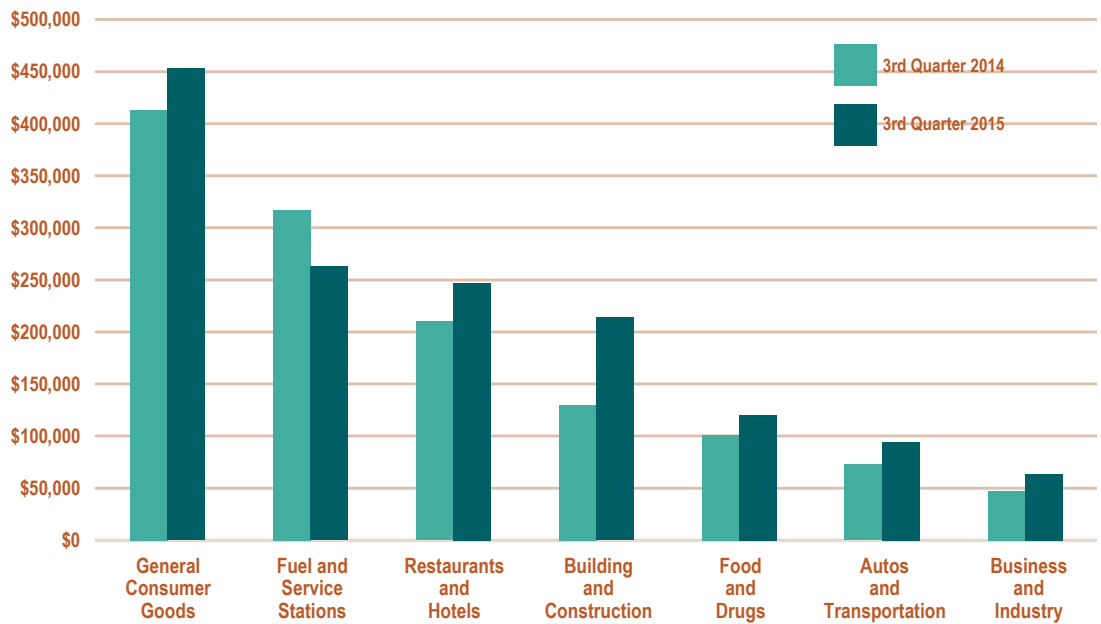
The city experienced a strong sales quarter for building and construction. Recent additions helped boost revenues for both quick service and casual dining restaurants.

Reporting aberration that inflated year ago returns exaggerated the drop in fuel and service stations.

The city's share of the countywide use tax pool increased 2.9% when compared to the same period in the prior year.

Net of aberrations, taxable sales for all of Riverside County grew 3.1% over the comparable time period; the Southern California region was up 3.6%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco AM PM	Menifee Car Wash
Arco AM PM	Ralphs
Arco AM PM	Richardsons Auto & RV Sales
Best Buy	Ross
Chevron	Stater Bros
Circle K	Sun City Chevron
Euramax	Target
Exxon	Tesoro Refining & Marketing
Grove Lumber & Building Supplies	TJ Maxx
Hana Sushi	United Oil
Kohls	Verizon
Living Spaces Furniture	Walgreens
Lowes	

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$2,624,895	\$2,934,677
County Pool	298,022	326,567
State Pool	1,888	1,495
<b>Gross Receipts</b>	<b>\$2,924,804</b>	<b>\$3,262,739</b>
<b>Less Triple Flip*</b>	<b>\$(731,201)</b>	<b>\$(815,685)</b>

\*Reimbursed from county compensation fund

**Statewide Results**

The local share of sales and use tax revenues from the summer sales quarter were up 2.4% over last year's comparable quarter after adjusting for payment aberrations.

New and used auto sales and leases continued to exhibit solid gains and were the primary contributor to the quarter's statewide growth. The countywide allocation pools were the second largest contributors to the overall gain, boosted by increased online sales activity. The state's travel and tourism industry contributed to a robust increase in receipts from restaurants and hotels. Recovering building and construction activity was also significant with an 8.6% increase over the comparison period.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the fourth consecutive quarter.

Overall performance was similar throughout most regions of the state, however the effect of lower fuel prices significantly dampened results in portions of the San Joaquin Valley.

**Online Retail Sales Continue to Outpace Brick & Mortar Stores**

Fourth quarter tax results will not be available until March but preliminary reports indicate holiday purchases from some brick and mortar stores are flat or down from 2014, while the volume of online shopping has set new records.

Although stores are not in danger of disappearing, the trend has many retail chains considering long-term plans for smaller "showroom" units with less square footage, employees, and in-store inventory.

HdL's statewide sales tax database for the first three quarters of 2015 shows that online orders for general consumer goods rose 17.6% over the first three quarters of 2014, while the overall sales gains at brick and mortar stores grew a modest 2.2%.

**New Restrictions on Tax Sharing Agreements**

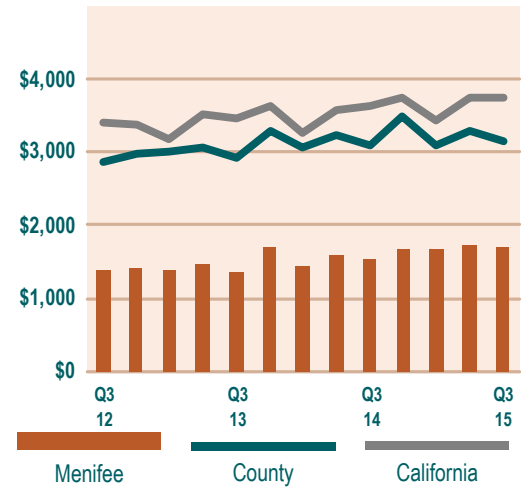
Tax rebates are subject to additional restrictions and reporting requirements in 2016.

Newly adopted Government Code Section 53084.5 prohibits tax sharing agreements that reduce another agency's sales tax if the business generating the tax continues to maintain a physical presence in the losing agency's jurisdiction.

The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

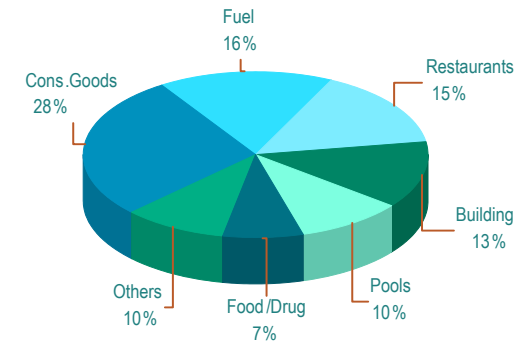
The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial statements with periods beginning after December 15, 2015.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

Menifee This Quarter



**MENIFEE TOP 15 BUSINESS TYPES**

*\*In thousands of dollars*

Business Type	Menifee Q3 '15*	Menifee Change	County Change	HdL State Change
Casual Dining	106.8	23.1%	5.5%	5.2%
Contractors	51.4	7.9%	10.5%	13.0%
Department Stores	— CONFIDENTIAL —	—	0.3%	-0.6%
Discount Dept Stores	— CONFIDENTIAL —	—	2.7%	2.1%
Drug Stores	— CONFIDENTIAL —	—	-3.0%	-1.4%
Electronics/Appliance Stores	84.0	23.5%	7.7%	3.8%
Family Apparel	60.2	6.1%	4.5%	2.4%
Grocery Stores Liquor	— CONFIDENTIAL —	—	11.0%	3.8%
Home Furnishings	— CONFIDENTIAL —	—	7.3%	5.0%
Lumber/Building Materials	— CONFIDENTIAL —	—	8.4%	6.7%
Quick-Service Restaurants	112.9	9.5%	6.6%	6.8%
Repair Shop/Equip. Rentals	31.1	19.1%	7.5%	3.8%
Service Stations	262.0	-17.4%	-9.1%	-11.8%
Specialty Stores	40.5	6.0%	12.3%	5.9%
Trailers/RVs	— CONFIDENTIAL —	—	29.1%	21.6%
<b>Total All Accounts</b>	<b>1,454.9</b>	<b>12.7%</b>	<b>2.6%</b>	<b>2.3%</b>
<b>County &amp; State Pool Allocation</b>	<b>159.5</b>	<b>2.5%</b>	<b>-6.6%</b>	<b>3.5%</b>
<b>Gross Receipts</b>	<b>1,614.3</b>	<b>11.6%</b>	<b>1.6%</b>	<b>2.4%</b>