

# Q3 2013



# City of Brawley Sales Tax *Update*

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

## Brawley In Brief

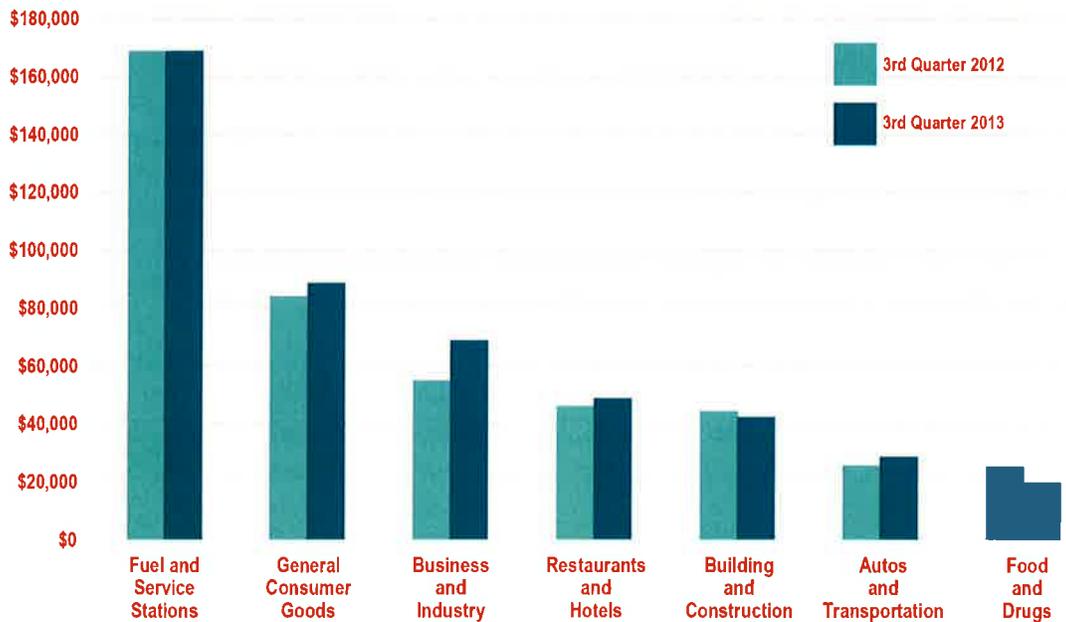
Receipts from third quarter sales eased 1.8% from the like sales period one year earlier but onetime reporting aberrations skewed the data. Excluding anomalies, actual sales were up 6.2%.

Increases were principally due to sales gains in the business and industry, general consumer goods and restaurants and hotels categories. Business and industry and restaurant and hotels groups benefited from new business additions. All three groups outpaced statewide trends for the period. Autos and transportation proceeds revealed a more modest increase.

Lackluster point of sale results caused the city's allocation from the countywide use tax pool to sink 28.5%.

Over the same sales period, all of Imperial County was up 48.5%; statewide sales grew 5.3%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Jordan Implement
Aaron Rents	Lidco Imperial Valley
Arco AM PM	McDonalds
Auto Zone	McNeece Bros Oil
Brawley Exxon	Northend Auto Parts
Brawley Tractor Parts	Reddy Ice
Daniels Tire Service	Shell Station Market
Elms Equipment Rental	USA Gasoline
Fillco	Vons
Hughes Water & Sewer	Walmart
Imperial Hardware	Water Tech
Jack in the Box	Weatherford Tubular Services
Johnnys Burritos	

## REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$886,261	\$919,784
County Pool	170,008	141,083
State Pool	283	509
Gross Receipts	\$1,056,552	\$1,061,376
Less Triple Flip*	\$(264,138)	\$(265,344)

\*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



## BRAWLEY TOP 15 BUSINESS TYPES

Business Type	Brawley		County	HdL State
	Q3 '13	Change	Change	Change
Auto Repair Shops	7,514	-11.3%	21.7%	5.5%
Automotive Supply Stores	17,885	31.2%	11.8%	5.7%
Casual Dining	7,242	11.5%	19.1%	4.0%
Contractors	— CONFIDENTIAL —		4.7%	11.1%
Discount Dept Stores	— CONFIDENTIAL —		-12.2%	-8.2%
Grocery Stores Liquor	— CONFIDENTIAL —		-23.6%	-9.7%
Hardware Stores	— CONFIDENTIAL —		43.6%	10.4%
Heavy Industrial	10,645	-4.8%	9.7%	10.6%
Home Furnishings	7,946	42.3%	18.5%	10.3%
Petroleum Prod/Equipment	— CONFIDENTIAL —		11.1%	-7.1%
Quick-Service Restaurants	41,071	5.5%	3.8%	3.9%
Repair Shop/Equip. Rentals	7,473	130.8%	31.6%	10.9%
Service Stations	83,953	16.9%	8.3%	-1.5%
Variety Stores	— CONFIDENTIAL —		26.8%	8.5%
Warehse/Farm/Const. Equip.	39,931	19.2%	5.2%	13.8%
<b>Total All Accounts</b>	<b>\$465,070</b>	<b>3.9%</b>	<b>50.2%</b>	<b>2.5%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$68,662</b>	<b>-28.2%</b>	<b>3.8%</b>	<b>12.5%</b>
<b>Gross Receipts</b>	<b>\$533,732</b>	<b>-1.8%</b>	<b>42.0%</b>	<b>3.5%</b>