

# Q3 2014



# City of Brawley Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2014)

## Brawley In Brief

Receipts for Brawley's July through September sales were 15.6% higher than the same quarter one year ago. Actual sales activity was up 16.1% when reporting aberrations were factored out.

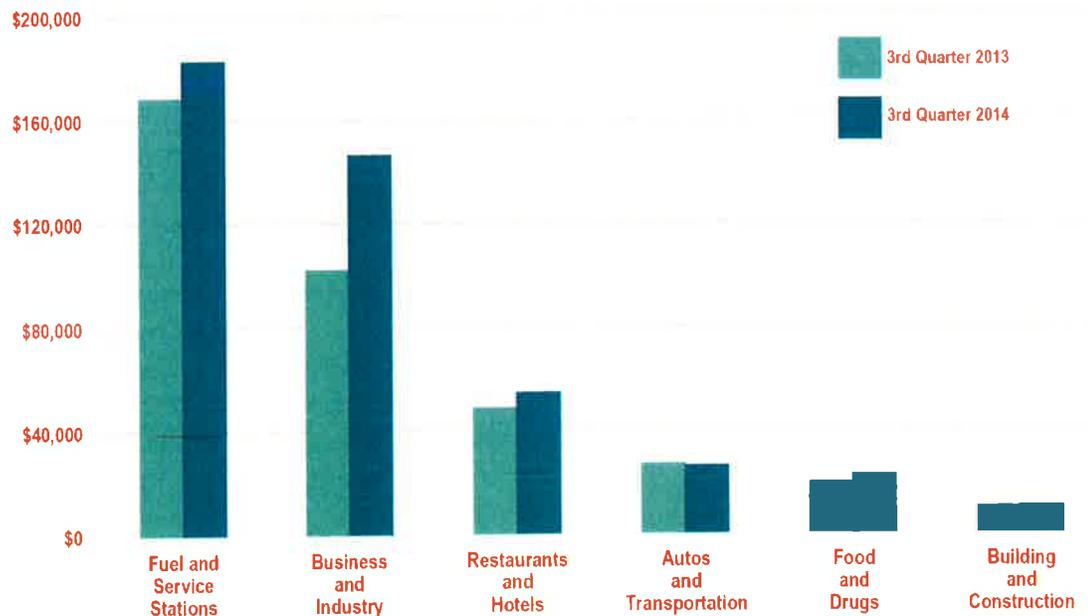
Higher receipts from multiple categories of business and industry were significant factors in the city's positive results. The increase from fuel receipts was partially due to misreported payments.

The addition of a new eatery helped lift the restaurant group, however double payments temporarily boosted the increase. Payment anomalies were also responsible for inflating the food and drugs group.

The gains were partially offset by losses from auto supply stores and some categories of general consumer goods.

Adjusted for aberrations, taxable sales for all of Imperial County decreased 26.7% over the comparable time period, while the Southern California region as a whole was up 5.1%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Johnnys Burritos
Arco AM PM	Jordan Implement
Auto Zone	Lidco Imperial Valley
Brawley Exxon	McDonalds
Brawley Tractor Parts	McNeece Bros Oil
Burger King	Northend Auto Parts
Desert Fuel	RDO Water
Elms Equipment Rental	Rite Aid
Fillco	Shell Station Market
HD Supply Waterworks	USA Gasoline
Imperial Hardware	Vons
Jack in the Box	Wal Mart DVD Rentals
	Walmart

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$919,784	\$1,059,772
County Pool	141,083	152,146
State Pool	509	782
<b>Gross Receipts</b>	<b>\$1,061,376</b>	<b>\$1,212,700</b>
<b>Less Triple Flip*</b>	<b>\$(265,344)</b>	<b>\$(303,175)</b>

\*Reimbursed from county compensation fund

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**California Overall**

With payment aberrations removed, local sales tax revenues rose 5.5% over the comparable quarter of July through September 2013.

The largest gains were from the countywide use tax pools which have been boosted by the rising shift to online shopping and involve a larger portion of goods shipped from out-of-state. Rising sales from auto dealers and restaurants, high tech Silicon Valley business activities, and Southern California construction also contributed.

Among general consumer goods, discount department stores, value priced apparel, home goods, pet and personal care products outperformed other categories.

**The Impact of Falling Gas Prices on Sales Tax**

Fuel prices plunged to a 5 year low in December with predictions that expanded North American oil production, gains in fuel efficiency and a sluggish international economy will sustain lower gas prices through much of 2015.

Not all of the estimated \$50 to \$75 per month family savings will be spent on taxable goods. Part will be absorbed by rising costs of food and other non-taxable necessities and by the ongoing shift in buying habits from purchases of taxable goods to non-taxable services, cellphone fees and internet access.

Among the various economic segments that make up each agency's sales tax base, grocers, drug stores and restaurants should benefit most. Extra disposable income translates into more travel, dining out and impulse purchases of taxable items while shopping for food and necessities.

Despite intensive price competition, tax gains from general con-

sumer goods can also be expected although accelerating online shopping will shift much of the growth to the countywide allocation pools rather than brick and mortar stores.

Agencies with auto dealerships are also benefiting as lower fuel prices and increased fuel efficiency have buyers choosing more costly SUVs and accessories. Gains in home improvement purchases are anticipated although the tax will be distributed via countywide pools if the sale includes onsite installation.

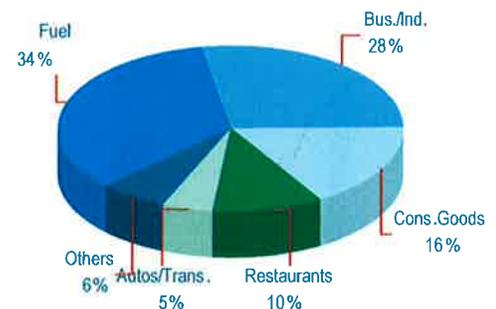
The major losing tax segment will be in fuel/service stations. The losses will be partially offset by increased travel/fuel consumption and by added costs associated with new green emission requirements that went into effect January 1. Even so, substantial declines from service stations, truck stops, bulk and jet fuel operators and petroleum industry suppliers should be anticipated. In the business/industry segment, tax from capital investment in new alternative energy and oil production projects is likely to slow.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

Brawley This Quarter



**BRAWLEY TOP 15 BUSINESS TYPES**

Business Type	Brawley		County	HdL State
	Q3 '14	Change	Change	Change
Auto Repair Shops	5,487	18.6%	-8.1%	6.5%
Automotive Supply Stores	20,203	-6.8%	-2.9%	-0.1%
Casual Dining	9,941	9.2%	6.9%	5.8%
Discount Dept Stores	— CONFIDENTIAL —	—	-0.1%	2.5%
Drug Stores	— CONFIDENTIAL —	—	108.5%	1.0%
Fulfillment Centers	— CONFIDENTIAL —	—	107.4%	22.9%
Grocery Stores Liquor	— CONFIDENTIAL —	—	4.4%	8.4%
Hardware Stores	— CONFIDENTIAL —	—	-5.9%	-2.5%
Heavy Industrial	— CONFIDENTIAL —	—	32.1%	10.7%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	-12.3%	4.6%
Quick-Service Restaurants	44,650	12.8%	3.4%	8.5%
Repair Shop/Equip. Rentals	10,488	12.7%	-37.6%	0.3%
Service Stations	106,029	26.3%	24.4%	1.2%
Variety Stores	— CONFIDENTIAL —	—	20.9%	7.0%
Warehse/Farm/Const. Equip.	114,704	58.9%	26.8%	6.7%
<b>Total All Accounts</b>	<b>\$531,154</b>	<b>14.2%</b>	<b>-26.4%</b>	<b>5.5%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$86,059</b>	<b>25.3%</b>	<b>-19.3%</b>	<b>10.2%</b>
<b>Gross Receipts</b>	<b>\$617,213</b>	<b>15.6%</b>	<b>-25.5%</b>	<b>6.1%</b>