

Q1 2019



City of Brawley Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2019)

Brawley In Brief

Brawley's receipts from January through March were 16.2% above the first sales period in 2018.

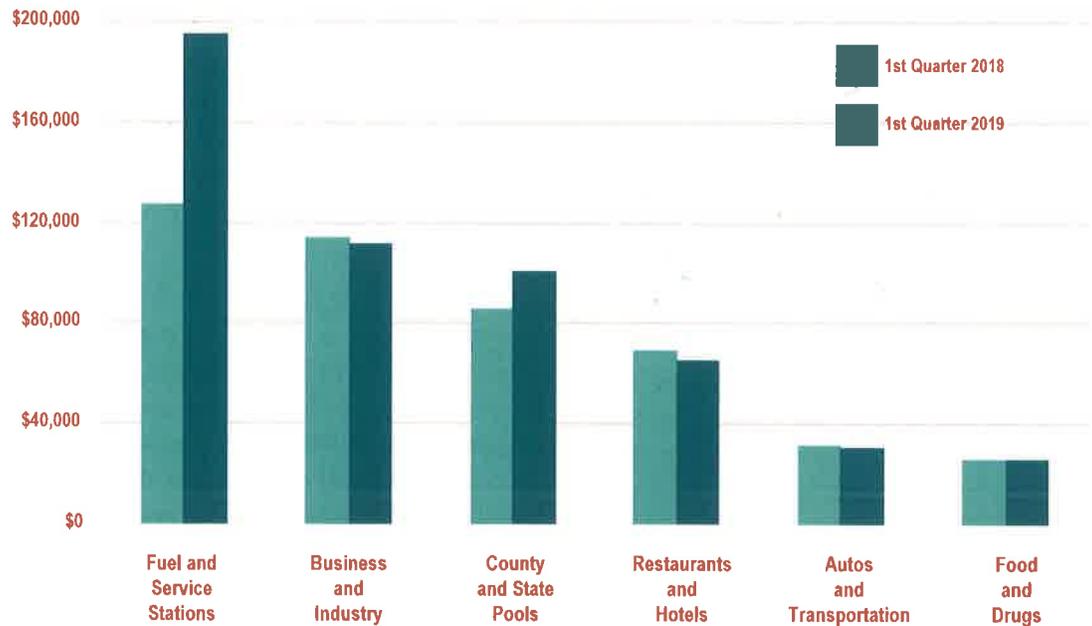
The recent addition of a large gas station helped lift the fuel group and was largely responsible for the overall gains. The City also experienced solid post-holiday sales results from general consumers and building-construction suppliers.

These increases in local point of sale revenue and increased capital and online purchases of items shipped into the region boosted allocations from the countywide use tax pool, further contributed to the positive outcome.

In contrast, weak winter receipts from business-industrial merchants partially offset the growth. While the recent closeouts of quick service and casual dining eateries hurt restaurant returns.

Net of aberrations, taxable sales for all of Imperial County declined 17.3% over the comparable time period; the Southern California region was up 0.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Johnnys Burritos
Arco AM PM	Jordan Implement
AutoZone	McNeece Bros Oil
Brandt	Pacific Ag Rentals
Brawley Tractor Parts	Pilot Travel Center
Carl's Jr	Prime Fuel & Mini Mart
Circle K	RDO Water
Circle K 76	Rite Aid
Elms Equipment Rental	Shell
HD Supply Waterworks	USA Gasoline
Imperial Hardware	Vons
Jack in the Box	Walmart Online
	Walmart Supercenter

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date (Q3 to Q1)

	2017-18	2018-19
Point-of-Sale	\$1,501,714	\$1,775,983
County Pool	301,781	282,874
State Pool	986	941
Gross Receipts	\$1,804,482	\$2,059,797

Statewide Results

Local sales and use tax receipts from January through March sales were 1.0% higher than the first quarter of 2018 after factoring out accounting anomalies and back payments from previous state reporting shortfalls. This was the lowest percentage increase since first quarter, 2010.

The growth came primarily from a solid quarter for purchases related to expanding logistics, medical and technology facilities and modest gains in building-construction supplies and restaurants. Cannabis sales produced a slight uptick in the food-drug group.

Lower fuel prices and declining general consumer good purchases offset the gains. The shift to internet purchases continued with online shopping accounting for 22.3% of the total general consumer goods segment versus 20.2% one year ago. Tax receipts from new car sales exhibited significant reductions although the drop was partially offset by an upswing in used autos and auto leases.

Regional changes ranged from a decline of 2.1% to gains as high as 4.4%. However, the differences were primarily attributable to onetime projects or capital purchases and not reflective of overall economic trends.

Slower Growth Ahead?

July marks ten years of continuous economic growth which is the longest period of U.S. economic expansion on record. However, analysts from a variety of economic segments are reporting signs that we may be leveling off.

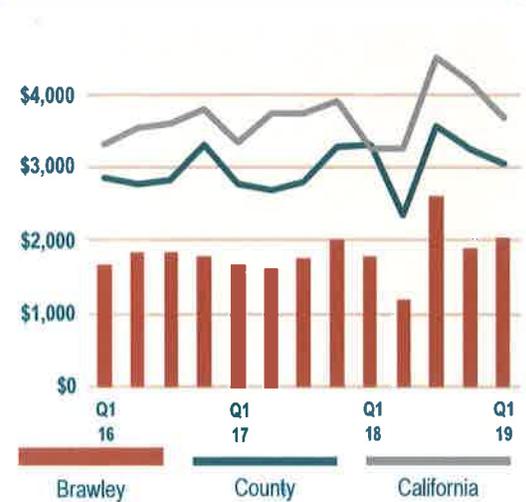
This quarter marked the eighth consecutive comparative period decline in California new car registrations with analysts noting that higher prices and a growing supply of vehicles coming off lease are making used cars more attractive. They also note that on-demand services such as Uber and Lyft are making it easier for debt-burdened millennials to avoid buying cars altogether.

Rising restaurant menu prices, renewed competition from grocer prepared meals, and cutbacks in foreign tourism appear to be reducing restaurant patronage which in recent years was one of the state's fastest growth segments. There will be an uptick in the second quarter's fuel-related tax receipts because of that period's refinery shutdowns; lower crude oil costs are expected to produce subsequent declines.

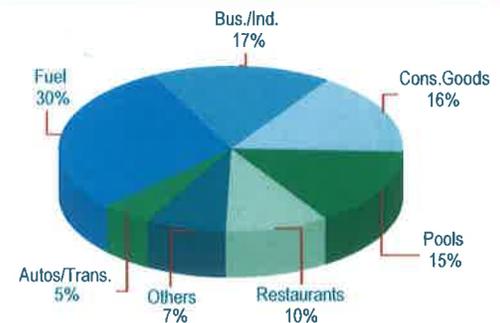
Uncertainty over U.S. tariff and trade policies plus labor shortages are delaying some investment and business expansion decisions while reduced home sales and two quarters of declining construction permit values suggest a potential future leveling in that sector. Investment in technological advances should continue and remain strong.

Economic shifts are not the only factor leveling sales tax revenues. With an economy based on intellectual technology rather than goods and consumer priorities shifting to non-taxable services and experiences, sales tax no longer reflects 21st century spending. Each year therefore, the portion of the economy that is taxed, shrinks.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Brawley This Quarter



BRAWLEY TOP 15 BUSINESS TYPES

Business Type	Brawley		County	HdL State
	Q1 '19	Change	Change	Change
Auto Repair Shops	7,573	17.9%	13.3%	12.8%
Automotive Supply Stores	22,133	6.4%	7.9%	8.7%
Building Materials	— CONFIDENTIAL —		13.2%	4.0%
Casual Dining	14,516	-2.5%	44.5%	13.3%
Convenience Stores/Liquor	7,933	1.9%	43.7%	13.8%
Discount Dept Stores	— CONFIDENTIAL —		3.3%	2.9%
Fulfillment Centers	— CONFIDENTIAL —		0.2%	21.5%
Garden/Agricultural Supplies	— CONFIDENTIAL —		1.0%	3.7%
Grocery Stores	— CONFIDENTIAL —		24.3%	25.7%
Petroleum Prod/Equipment	— CONFIDENTIAL —		-47.3%	15.4%
Plumbing/Electrical Supplies	— CONFIDENTIAL —		42.6%	4.6%
Quick-Service Restaurants	50,496	-7.2%	30.3%	10.1%
Repair Shop/Equip. Rentals	20,138	77.5%	25.7%	38.1%
Service Stations	157,585	90.0%	28.0%	16.6%
Warehse/Farm/Const. Equip.	36,359	-28.2%	-9.5%	19.0%
Total All Accounts	559,294	16.2%	-7.2%	13.5%
County & State Pool Allocation	100,589	16.7%	-6.8%	23.8%
Gross Receipts	659,883	16.2%	-7.1%	14.9%