

Q1 2015



City of Brawley Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2015)

Brawley In Brief

Receipts for Brawley's January through March sales were 3.1% higher than the same quarter one year ago. Actual sales activity was down 2.5% when reporting aberrations were factored out.

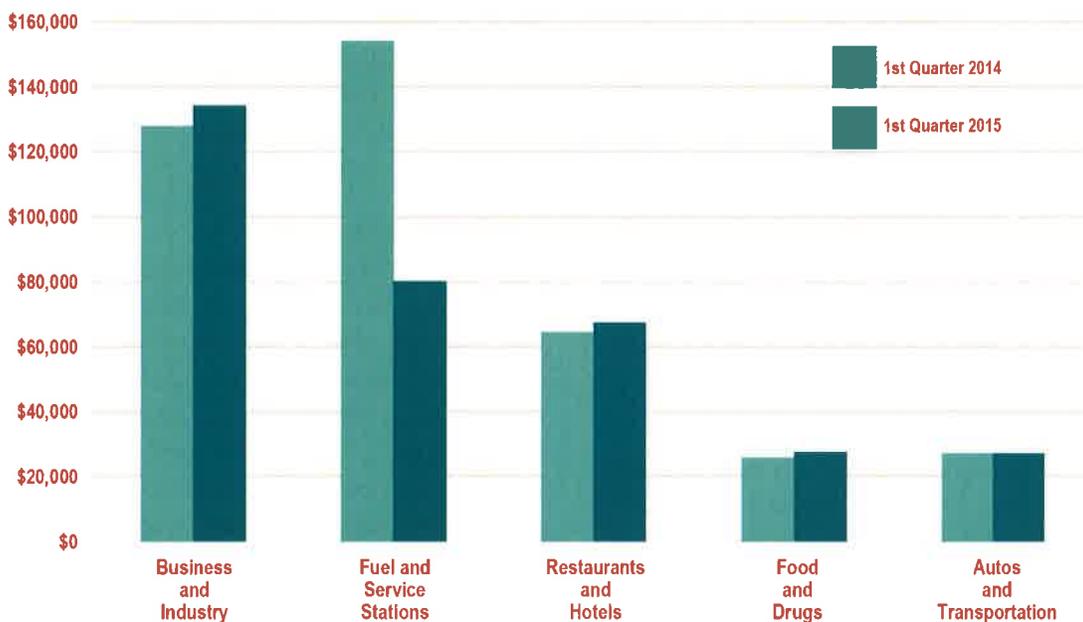
The city's higher allocation from the county use tax pool was primarily responsible for the overall gain.

The increase in the business and industry sector was exaggerated by a onetime accounting adjustment. The city experienced a strong sales quarter for several categories of general consumer goods. Recent additions helped boost revenues from restaurants.

The gains were partially offset by lower gasoline prices and a onetime accounting adjustment that dampened returns from fuel and service stations.

Adjusted for aberrations, taxable sales for all of Imperial County decreased 18.0% over the comparable time period, while the Southern California region as a whole was up 3.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco AM PM	Johnnys Burritos
AutoZone	Jordan Implement
Brawley Exxon	Lidco Imperial Valley
Brawley Tractor Parts	McDonalds
Carls Jr	RDO Water
Desert Fuel	Rite Aid
Dollar Tree	Shell Station Market
Elms Equipment Rental	USA Gasoline
Fillco	Vons
HD Supply Waterworks	Walmart
Imperial Hardware	Walmart Online
Jack in the Box	Water Tech
	Weatherford Tubular Services

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$1,993,553	\$2,032,695
County Pool	197,111	267,703
State Pool	1,313	1,341
Gross Receipts	\$2,191,977	\$2,301,739
Less Triple Flip*	\$(547,994)	\$(575,435)

*Reimbursed from county compensation fund

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California as a Whole

Local one cent tax receipts from sales occurring January through March rose 3.65% over 2014's comparable quarter after adjusting for reporting anomalies.

An exceptionally strong quarter for auto sales/leases and restaurants was the primary contributor to the overall increase. A rise in building-construction materials was also a factor although much of this growth came from specific office and sports facility projects in Northern California.

Gains from sales of general consumer goods were primarily in value priced clothing, home furnishings and specialty retail which includes pet supplies and cosmetics. Online shopping involving goods shipped from out of state continues to shift a major portion of the growth in general consumer goods to the countywide pools.

The statewide gains were largely offset by a 21% decline in receipts from fuel and service stations.

Tax on Services

The Board of Equalization has released an estimate that levying sales and use tax on services would raise over \$122.5 billion in state and local revenues or enough to lower the overall tax rate to under 4%.

Originally imposed in 1933 as a 2 ½% tax with only three exemptions, the legislature has gradually exempted more and more goods from the sales tax while raising rates to compensate for the corresponding revenue loss. This and the state's shift from a manufacturing to service economy has created the nation's highest sales tax rate on the narrowest basket of goods.

Although more discussion is needed, there is interest in expanding the sales tax to services and lowering the rate to make the tax less regressive and

more competitive while providing greater flexibility in the development of local tax bases.

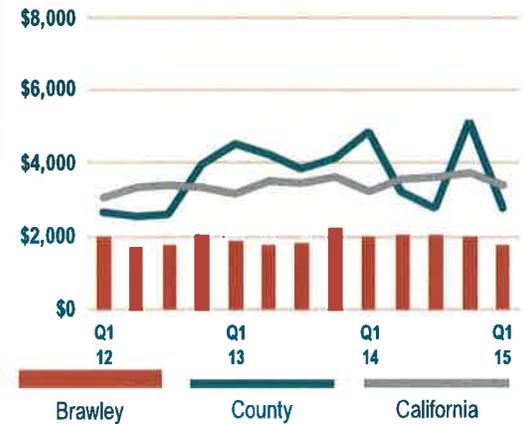
Tax on Jet Fuel

The Federal Aviation Administration has ruled that sales taxes on jet fuel must only be used for airport and aviation programs. The rule applies to taxes levied after 1987 but is unclear as to transactions tax districts, Proposition 172 revenues, or revenues collected by jurisdictions without airports. Clarification will not be available until FAA review and approval of a plan that has to be submitted by the state Department of Finance by December 8, 2015.

Tax on Marijuana

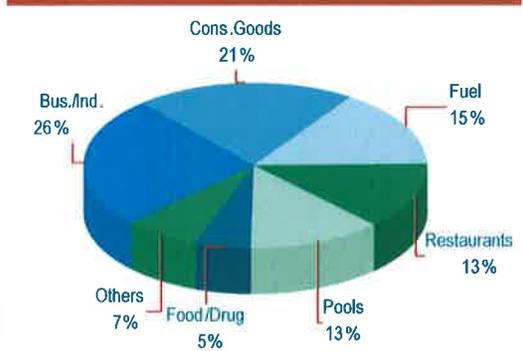
A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE findings are expected by November 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Brawley This Quarter



BRAWLEY TOP 15 BUSINESS TYPES

Business Type	Brawley		County	HdL State
	Q1 '15	Change	Change	Change
Auto Repair Shops	6,200	0.3%	-4.9%	7.2%
Automotive Supply Stores	21,320	1.7%	0.9%	5.2%
Casual Dining	15,965	8.3%	14.0%	5.1%
Discount Dept Stores	— CONFIDENTIAL —		5.7%	4.2%
Drug Stores	— CONFIDENTIAL —		23.3%	11.3%
Fulfillment Centers	— CONFIDENTIAL —		58.2%	-5.6%
Grocery Stores Liquor	— CONFIDENTIAL —		0.8%	5.1%
Hardware Stores	— CONFIDENTIAL —		-0.3%	11.8%
Heavy Industrial	— CONFIDENTIAL —		-28.5%	12.8%
Petroleum Prod/Equipment	— CONFIDENTIAL —		-14.7%	-18.0%
Quick-Service Restaurants	51,553	3.6%	6.1%	10.9%
Repair Shop/Equip. Rentals	6,452	11.9%	-3.3%	0.7%
Service Stations	72,131	-24.5%	-25.0%	-21.9%
Variety Stores	— CONFIDENTIAL —		10.0%	15.6%
Warehse/Farm/Const. Equip.	99,310	61.0%	27.6%	22.2%
Total All Accounts	\$456,067	-10.9%	-42.9%	3.6%
County & State Pool Allocation	\$66,052	na	858.8%	1.1%
Gross Receipts	\$522,120	3.1%	-33.9%	3.3%