

# Q3 2015



# City of Brawley Sales Tax *Update*

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

## Brawley In Brief

**B**rawley's receipts from July through September were 8.1% below the third sales period in 2014.

**T**he overall decline in gross receipts was due to two factors. First, lower fuel prices exacerbated by several temporary payment deviations depressed receipts in the fuel and service station group.

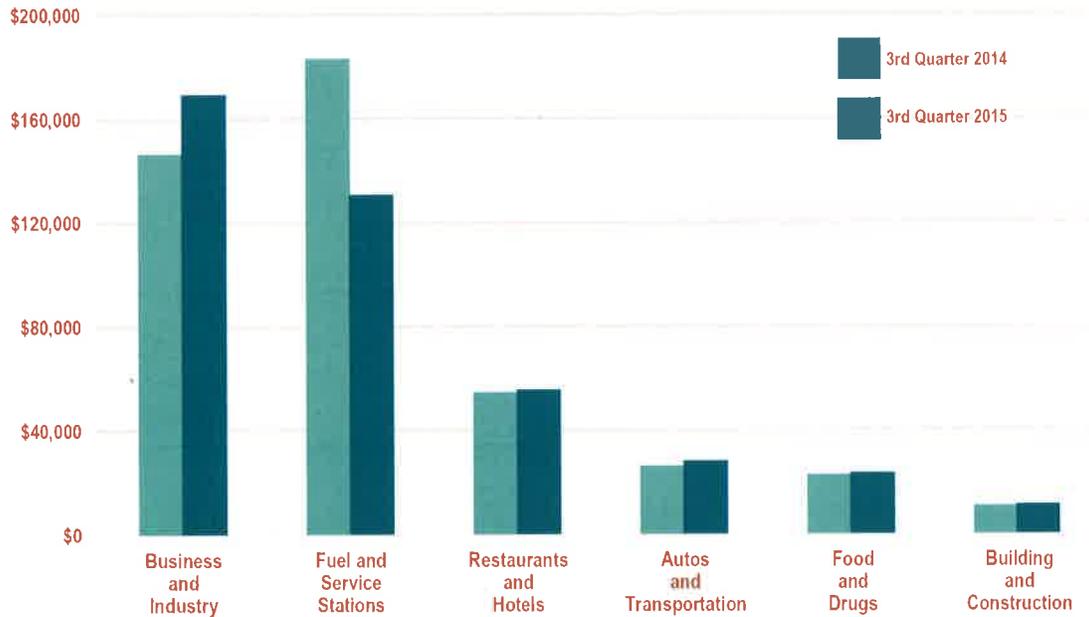
**S**econd, the drop in the city's share of the Imperial County use tax allocation pool which reduced total receipts. One-time events combined with lower performance accounted for the decline.

**A** multi-quarter audit recovery in warehouse/farm/construction equipment pushed business and industry into positive territory. Once adjusted, this group dipped 2.7%.

**R**ecent openings boosted auto-related sectors and food and drugs. Solid results in restaurants were understated by a fund transfer that inflated year ago receipts.

**N**et of aberrations, taxable sales for all of Imperial County grew 10.7% 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

7 Eleven	Jack in the Box
Arco AM PM	Johnnys Burritos
AutoZone	Jordan Implement
Brawley Exxon	LIDCO
Brawley Tractor Parts	McDonalds
Circle K	McNeece Bros Oil
Daniels Tire Service	RDO Water
Elms Equipment Rental	Shell
Fillco	USA Gasoline
HD Supply	Vons
Waterworks	Walmart
Hydraulics & Bearing Supply	Walmart Online
Imperial Hardware	Weatherford Tubular Services

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$1,059,772	\$975,056
County Pool	152,146	116,585
State Pool	782	485
<b>Gross Receipts</b>	<b>\$1,212,700</b>	<b>\$1,092,126</b>
<b>Less Triple Flip*</b>	<b>\$(303,175)</b>	<b>\$(273,031)</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**

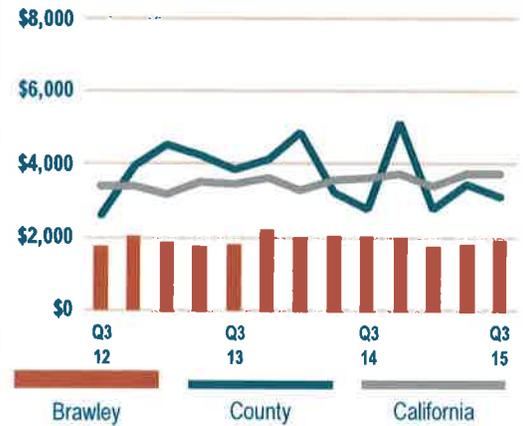
Tax rebates are subject to additional restrictions and reporting requirements in 2016.

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.

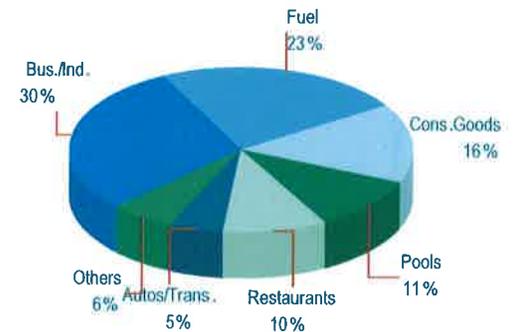
The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial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

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

Brawley This Quarter



**BRAWLEY TOP 15 BUSINESS TYPES**

Business Type	Brawley		County	HdL State
	Q3 '15	Change	Change	Change
Auto Repair Shops	5,288	-3.6%	11.9%	6.1%
Automotive Supply Stores	22,168	9.7%	5.8%	5.9%
Casual Dining	12,829	29.1%	5.8%	5.3%
Discount Dept Stores	— CONFIDENTIAL —	—	-3.6%	2.1%
Fulfillment Centers	— CONFIDENTIAL —	—	-5.9%	-8.5%
Grocery Stores Beer/Wine	— CONFIDENTIAL —	—	7.8%	1.8%
Grocery Stores Liquor	— CONFIDENTIAL —	—	-0.5%	3.8%
Hardware Stores	— CONFIDENTIAL —	—	-1.1%	6.8%
Heavy Industrial	— CONFIDENTIAL —	—	-5.6%	6.2%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	-37.1%	-28.1%
Quick-Service Restaurants	42,136	-5.6%	6.0%	6.8%
Repair Shop/Equip. Rentals	6,580	-37.3%	-22.1%	3.7%
Service Stations	81,827	-22.8%	-24.1%	-11.8%
Variety Stores	— CONFIDENTIAL —	—	-0.3%	4.9%
Warehouse/Farm/Const. Equip.	136,252	18.8%	8.2%	6.1%
<b>Total All Accounts</b>	<b>507,100</b>	<b>-4.5%</b>	<b>12.0%</b>	<b>2.3%</b>
<b>County &amp; State Pool Allocation</b>	<b>60,134</b>	<b>-30.1%</b>	<b>-18.0%</b>	<b>3.5%</b>
<b>Gross Receipts</b>	<b>567,233</b>	<b>-8.1%</b>	<b>7.8%</b>	<b>2.4%</b>