

# Q3 2013



# Huntington Beach Sales Tax Update

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

## Huntington Beach In Brief

Receipts for Huntington Beach's July through September sales were 2.9% lower than the same quarter one year ago. Actual sales activity was down 1.8% when reporting aberrations were factored out.

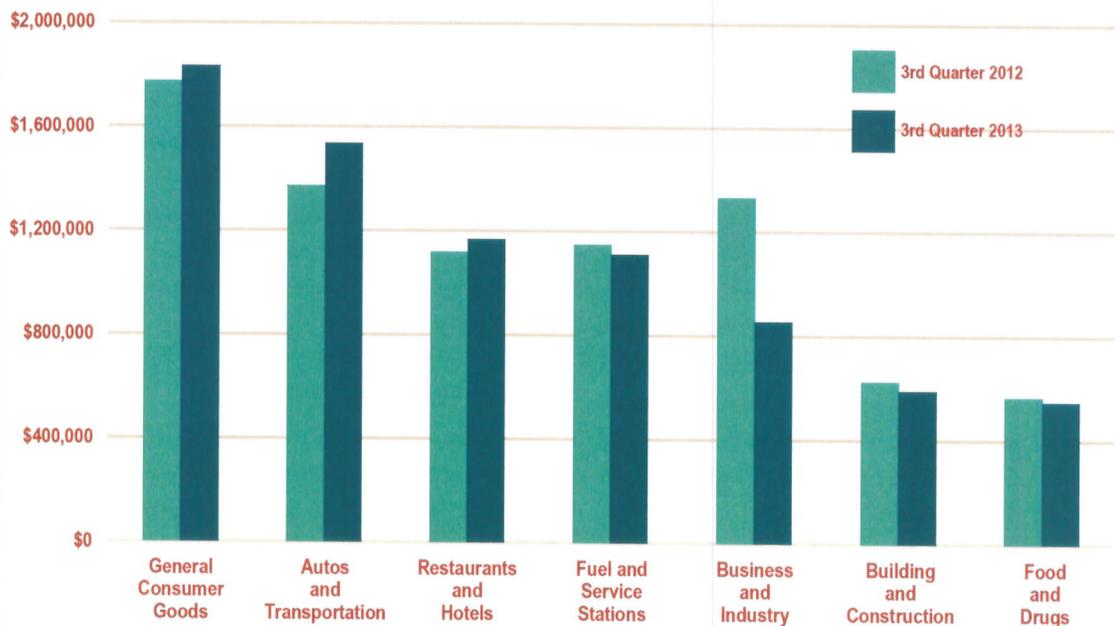
A decline in sales due to an unusually high payment in the year ago period from the business and industry sector was primarily responsible for the current decrease.

Onetime reporting aberrations that negatively impacted results caused the drop in lumber/building materials. The city experienced a decline in sales from service stations.

The losses were partially offset by a strong sales quarter for new motor vehicle dealers and a onetime accounting adjustment that inflated electronics/appliance stores. Recent additions helped boost revenues from restaurants, home furnishings and specialty stores.

Adjusted for aberrations, taxable sales for all of Orange County increased 5.3% over the comparable time period, while the Southern California region as a whole was up 5.3%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

ACS Applied Computer Solutions	Huntington Beach Mazda
Albertsons	Huntington Beach Toyota Scion Kia
Baker Oil Tools	Hyatt Regency
Car Pros Kia	Kohls
Chevron	McKenna Volkswagen
Chevron	Norm Reeves Honda
Costco	Pinnacle Petroleum
CVS Pharmacy	Ralphs
Delillo Chevrolet	Reliable Wholesale Lumber
Home Depot	Surf City Nissan
Huntington Beach Chrysler Dodge Jeep Ram	Target
Huntington Beach Ford	Verizon Wireless
	Walmart

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$7,942,546	\$7,650,798
County Pool	767,280	804,404
State Pool	(2,827)	2,862
<b>Gross Receipts</b>	<b>\$8,706,998</b>	<b>\$8,458,064</b>
<b>Less Triple Flip*</b>	<b>\$(2,176,750)</b>	<b>\$(2,114,516)</b>

\*Reimbursed from county compensation fund

NOTES

## 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



## HUNTINGTON BEACH TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Huntington Beach Q3 '13*	Huntington Beach Change	County Change	HdL State Change
Casual Dining	609.9	4.1%	6.1%	3.9%
Discount Dept Stores	581.6	-2.3%	-9.7%	-8.2%
Electronics/Appliance Stores	150.8	49.3%	2.6%	4.0%
Family Apparel	180.5	-4.2%	5.6%	5.8%
Grocery Stores Liquor	267.9	-6.6%	-12.2%	-9.7%
Home Furnishings	121.8	28.4%	11.1%	10.3%
Light Industrial/Printers	118.8	39.3%	10.7%	2.4%
Lumber/Building Materials	488.3	-7.7%	-12.3%	-15.8%
New Motor Vehicle Dealers	1,223.1	15.0%	14.0%	12.7%
Office Supplies/Furniture	— CONFIDENTIAL —		23.0%	2.7%
Petroleum Prod/Equipment	463.4	-1.2%	-29.2%	-7.1%
Quick-Service Restaurants	307.4	4.3%	2.4%	4.0%
Service Stations	649.7	-4.5%	-2.9%	-1.5%
Specialty Stores	226.8	6.0%	7.7%	7.6%
Sporting Goods/Bike Stores	203.2	-8.1%	0.5%	4.1%
<b>Total All Accounts</b>	<b>\$7,650.8</b>	<b>-3.7%</b>	<b>1.4%</b>	<b>2.5%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$807.3</b>	<b>5.6%</b>	<b>11.1%</b>	<b>12.5%</b>
<b>Gross Receipts</b>	<b>\$8,458.1</b>	<b>-2.9%</b>	<b>2.2%</b>	<b>3.5%</b>