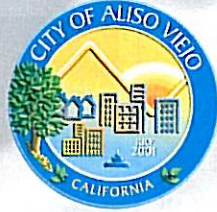


# Q4 2013



# City of Aliso Viejo Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2013)

## Aliso Viejo In Brief

Receipts for Aliso Viejo's October through December sales were 17.2% higher than the same quarter one year ago. Actual sales activity was up 2.4% when reporting aberrations were factored out.

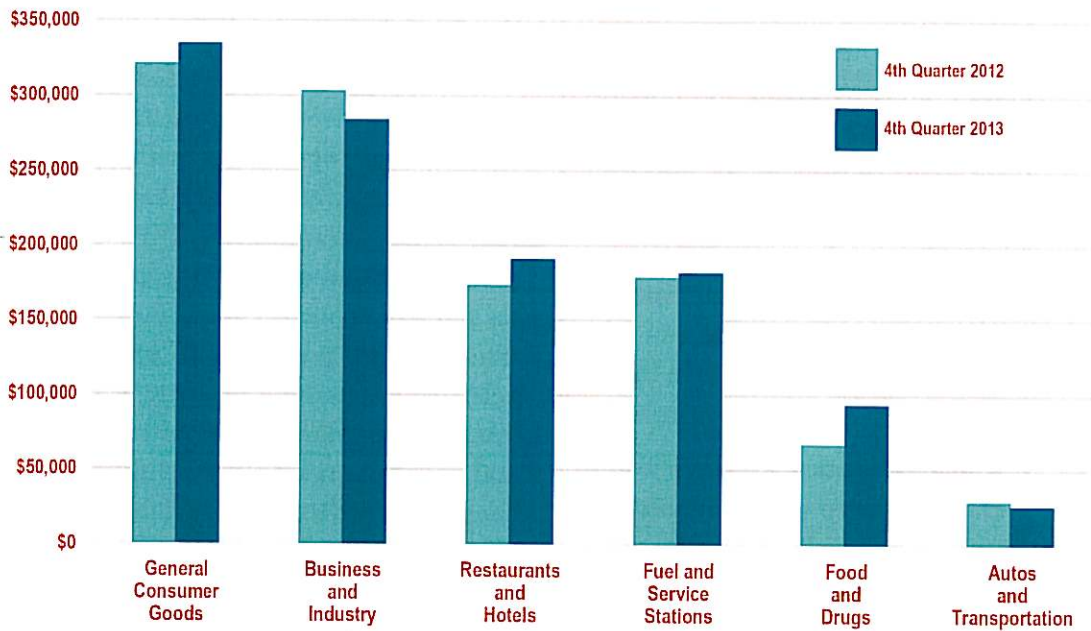
Payment anomalies that boosted the results from the food and drugs and other major groups were responsible for inflating the city's overall outcome. The restaurant sector experienced sales increases from all types of eateries, some of which were added new businesses.

A retroactive payment that boosted receipts from electronics was largely responsible for lifting the general consumer goods group. Service stations also posted a temporary increase that resulted from current double and year-ago late payments.

Onetime payments that inflated the comparison quarter offset current gains from various categories of business and industry. Sales declines from supply stores and repair shops were factors in the loss from the autos and transportation group.

Adjusted for aberrations, taxable sales for all of Orange County increased 2.6% over the comparable time period, while the Southern California region as a whole was up 2.7%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Aqueduct	Petsmart
Barnes & Noble	Rakuten Com Shopping
Chevron	Ralphs
Chevron All Hands Car Wash	Restaurants on the Run
Circle K	Sprint PCS
Circle K/76	Staples
CVS Pharmacy	Stater Bros
Digital Networks Group	Target
El Dorado Hand Car Wash	Tesoro
Freeway Mobil	TJ Maxx
Lowes	Trader Joes
Metagenics	Vintners Shell Stations
Michaels Arts & Crafts	

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$3,243,754	\$3,277,548
County Pool	341,527	372,497
State Pool	1,467	1,960
<b>Gross Receipts</b>	<b>\$3,586,748</b>	<b>\$3,652,006</b>
Less Triple Flip*	\$(896,687)	\$(913,001)

\*Reimbursed from county compensation fund

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**Statewide Results**

Excluding accounting anomalies, the local share of sales and use tax receipts from California's 2013 holiday spending rose 3.4% over the fourth quarter of 2012.

Auto sales and leases and all categories of building and construction materials were substantially up over the previous year while tourism and convenience-driven consumer demand continued to produce healthy gains in restaurant related revenues.

Sales of luxury goods and portable electronics did particularly well while cut backs in food stamp programs and unemployment benefits reduced spending at discount department stores and many value oriented retailers. Generally, the gains in sales from online purchases were higher than for brick and mortar stores.

Rising fuel efficiency resulted in lower receipts from service stations and petroleum supply companies while a slowing pace in solar and alternate energy development reduced use tax receipts from the business/industrial segment.

Spending patterns were fairly consistent throughout most regions.

**E-Commerce Spending Up**

Tax receipts from holiday spending on general consumer goods at brick and mortar stores grew by 2.3% over last year's comparable quarter while local tax revenues from online purchases increased 16% and accounted for 10.3% of total general consumer goods sales and use tax receipts.

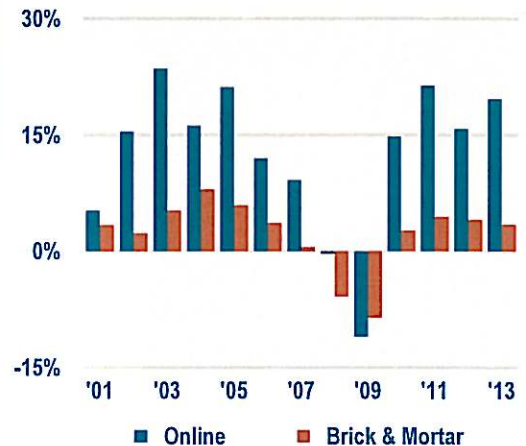
The rise in online retail shopping accelerates trends that began 20 years ago by sellers of materials and equipment to business and industrial users. Suppliers were able to take advantage of business preferences for the ease

of online ordering by consolidating sales offices and inventories into just a few locations.

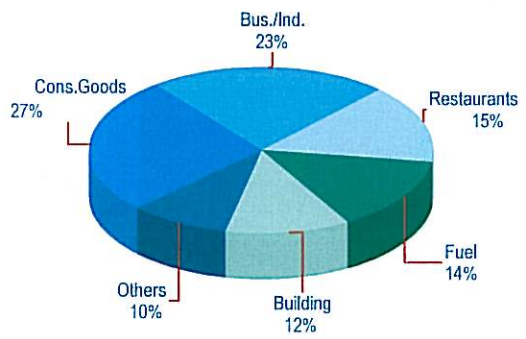
However, it was not until social networking and growth in the use of mobile devices that the general public became fully comfortable with online purchasing. Retail analysts expect the trend to expand and every major retailer is testing new concepts to reduce store size and overhead costs by driving more of their sales to centralized web-based order desks.

New technology, recent court decisions and legislative exemptions are constantly reducing what is taxable and has substantially altered the base on which the tax was created in 1933. The concentration of business supplies and now consumer goods into fewer and larger "points of sale" has accelerated competition for what is becoming a diminishing resource. Local governments are now bidding rebates up to 85% of the local tax collected in exchange for location of order desks.

**ONLINE VS. BRICK & MORTAR**  
Year-Over-Year Percent Growth



**REVENUE BY BUSINESS GROUP**  
Aliso Viejo This Quarter



**ALISO VIEJO TOP 15 BUSINESS TYPES**

Business Type	Aliso Viejo		County	HdL State
	Q4 '13*	Change	Change	Change
Art/Gift/Novelty Stores	24.1	4.9%	6.7%	8.4%
Business Services	95.1	91.5%	1.5%	8.9%
Casual Dining	71.5	10.0%	6.0%	6.1%
Discount Dept Stores	—	CONFIDENTIAL	-0.5%	0.2%
Electrical Equipment	48.1	12.0%	21.0%	4.5%
Electronics/Appliance Stores	49.1	44.5%	-0.2%	-0.6%
Family Apparel	—	CONFIDENTIAL	3.1%	6.3%
Fast-Casual Restaurants	33.2	14.0%	21.4%	14.4%
Fulfillment Centers	—	CONFIDENTIAL	35.4%	39.4%
Grocery Stores Liquor	65.5	69.5%	60.4%	38.6%
Lumber/Building Materials	—	CONFIDENTIAL	214.9%	265.6%
Medical/Biotech	34.5	-4.8%	9.7%	24.1%
Quick-Service Restaurants	67.8	11.7%	10.7%	7.9%
Service Stations	176.2	1.7%	0.3%	-2.8%
Specialty Stores	24.2	-2.9%	3.2%	7.4%
<b>Total All Accounts</b>	<b>\$1,258.7</b>	<b>16.9%</b>	<b>8.3%</b>	<b>8.7%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$155.6</b>	<b>20.3%</b>	<b>11.4%</b>	<b>9.4%</b>
<b>Gross Receipts</b>	<b>\$1,414.3</b>	<b>17.2%</b>	<b>8.6%</b>	<b>8.8%</b>