

# Q2 2015



# City of Aliso Viejo Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2015)

## Aliso Viejo In Brief

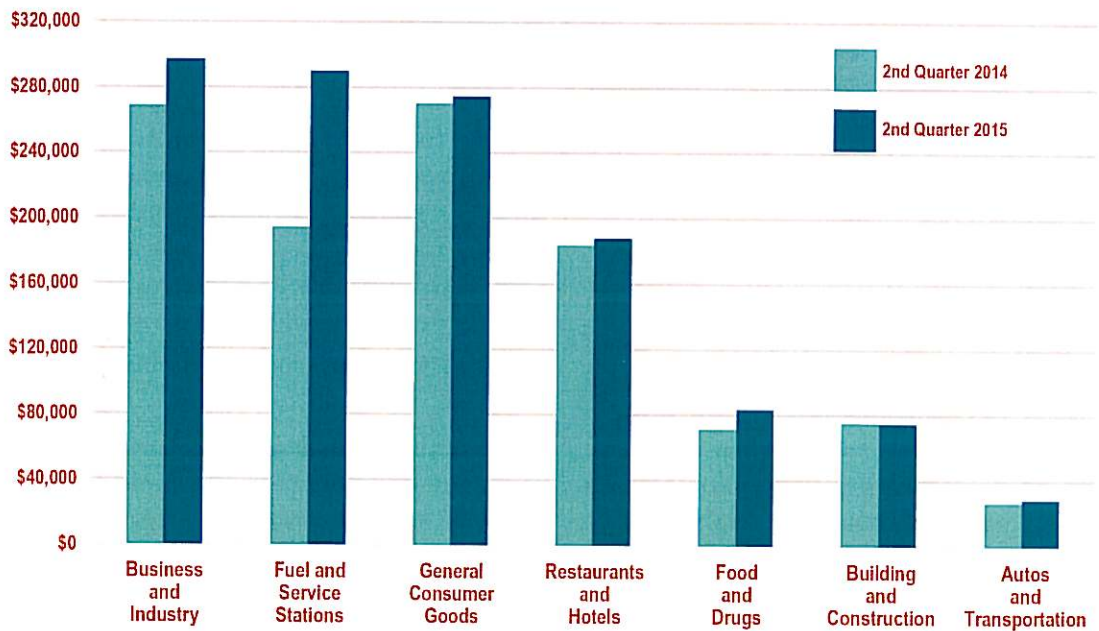
Gross receipts for Aliso Viejo's April through June sales were 14.6% higher than the same quarter one year ago, but accounting aberrations skewed the data. Actual sales activity rose 6.0% net of anomalies.

Business and industry group gains from unusually strong sales in the office supplies-furniture category and recent additions to office equipment were partially offset by an adjustment that pared receipts from another classification within the group. Service station losses due to lower fuel prices were masked by a multi-quarter retroactive adjustment; fuel and service station proceeds were actually down 13.7%.

New outlets helped fast casual eateries while accounting adjustments inflated comparisons for the food and drugs and autos and transportation groups. Sales of home furnishings were a bright spot in general consumer goods and the allocation from the countywide use tax pool was also a factor for the overall increase.

Adjusted for onetime reporting events, taxable sales for all of Orange County grew 2.8% over the same period; Southern California regional totals were 3.2% higher.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Barnes & Noble	Petsmart
Chevron	Rakuten Com & Buy Com
Chevron All Hands Car Wash	Ralphs
Circle K	Renaissance Clubsport
Circle K 76	Restaurants on the Run
Circle K/76	Staples
CVS Pharmacy	Stater Bros
Dell Software	Target
Digital Networks Group	Tesoro
Digital River	TJ Maxx
El Dorado Hand Car Wash	Trader Joes
Lasting Interior	Vintners Shell Stations
Lowes	

### REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$1,090,132	\$1,236,405
County Pool	121,166	152,185
State Pool	823	1,034
<b>Gross Receipts</b>	<b>\$1,212,121</b>	<b>\$1,389,624</b>
<b>Less Triple Flip*</b>	<b>\$(303,030)</b>	<b>\$(347,406)</b>

\*Reimbursed from county compensation fund

**Statewide Sales Tax Trends**

Excluding accounting aberrations, the local one cent share of statewide sales occurring April through June was 3.4% higher than the comparable quarter of 2014.

Receipts from the countywide use tax allocation pools accounted for the largest portion of the increase reflecting a continuing shift in consumer preferences from brick and mortar stores to online shopping for merchandise shipped from out of state.

Sales and leases of new cars continued to post impressive gains as did contractor supplies and restaurants. Overall gains were offset by a 17.1% decline in receipts from service stations and petroleum related industries.

**The Remaining Fiscal Year**

The state's unemployment rate continues to decline and real disposable income is expected to grow 2.5% to 3.0% in the second half of 2015. This improvement in incomes coupled with easy credit conditions should stimulate an increase in housing starts as well as capital investment in equipment, alternate energy and technology.

The auto industry is anticipating continuing strong sales until tapering to more sustainable levels in 2016-2017. Building and construction, the only retail segment yet to return to pre-recession levels, is gaining momentum in several regions and is expected to account for 10% of sales tax growth in the second half of the fiscal year.

Restaurant sales continue to rise although there are some concerns that the strong dollar may impact sales in areas that cater to tourists from abroad. Gains from consumer goods are expected to be modest with the strong dollar cutting prices of imported goods and an ongoing shift in consumer spending from tangible goods to services, entertainment and other non-taxable purchases.

Gasoline prices remain well below the previous year due to a worldwide glut

of oil. Barring unexpected supply or refinery disruptions, prices are expected to trend lower through the first half of 2015-16 but begin rebounding in the second half.

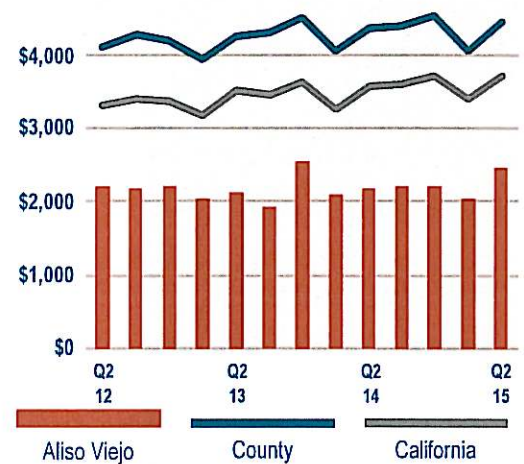
**Internet Sales Tax Proposal**

HR 2775 (The Remote Transaction Parity Act) is a new proposal by Representative Jason Chaffetz (R-Utah) authorizing states to require remote sellers without physical presence in their state to collect state and local sales tax from in-state buyers.

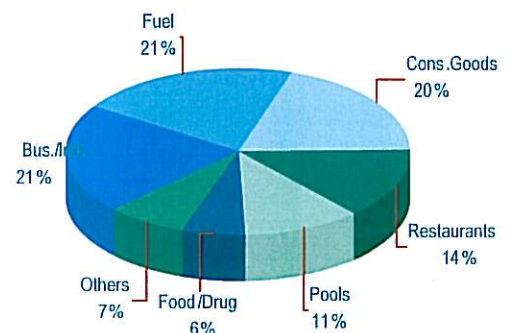
The bill currently has 52 sponsors and attempts to address objections to elements of the Marketplace Fairness Act that preceded it. The proposal provides for a three year phase in for small businesses, prohibits auditing remote sellers with annual sales under \$5 million, and requires states to provide software to enable remote sellers to collect and remit their tax.

The Board of Equalization estimates that local governments in California currently lose approximately \$44 per capita in uncollected sales and use tax on e-commerce purchases.

**SALES PER CAPITA**



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



**ALISO VIEJO TOP 15 BUSINESS TYPES**

Business Type	Aliso Viejo		County	HdL State
	Q2 '15*	Change	Change	Change
Business Services	— CONFIDENTIAL —	—	4.7%	5.9%
Casual Dining	67.8	1.6%	5.8%	6.0%
Discount Dept Stores	— CONFIDENTIAL —	—	0.1%	-0.1%
Drug Stores	— CONFIDENTIAL —	—	-8.4%	-8.0%
Electrical Equipment	— CONFIDENTIAL —	—	12.0%	-8.2%
Family Apparel	— CONFIDENTIAL —	—	1.8%	2.8%
Fast-Casual Restaurants	35.4	16.2%	5.4%	9.6%
Grocery Stores Liquor	— CONFIDENTIAL —	—	4.5%	3.6%
Leisure/Entertainment	24.5	5.7%	16.6%	12.5%
Lumber/Building Materials	— CONFIDENTIAL —	—	4.5%	4.5%
Office Equipment	33.5	57.9%	11.3%	2.7%
Office Supplies/Furniture	85.3	263.9%	-41.0%	-1.8%
Quick-Service Restaurants	60.3	-4.8%	9.6%	9.2%
Service Stations	286.0	51.3%	-8.1%	-11.7%
Specialty Stores	23.4	-7.0%	7.9%	5.6%
<b>Total All Accounts</b>	<b>1,236.4</b>	<b>13.4%</b>	<b>2.8%</b>	<b>2.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>153.2</b>	<b>25.6%</b>	<b>13.8%</b>	<b>11.8%</b>
<b>Gross Receipts</b>	<b>1,389.6</b>	<b>14.6%</b>	<b>3.9%</b>	<b>3.8%</b>