

# Q2 2019



# City of Aliso Viejo Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2019)

## Aliso Viejo In Brief

Aliso Viejo's receipts from April through June were flat compared to the second sales period in 2018. Once disbursement anomalies due to the CDTFA's transition to a new reporting system were removed, actual returns declined 10.6%.

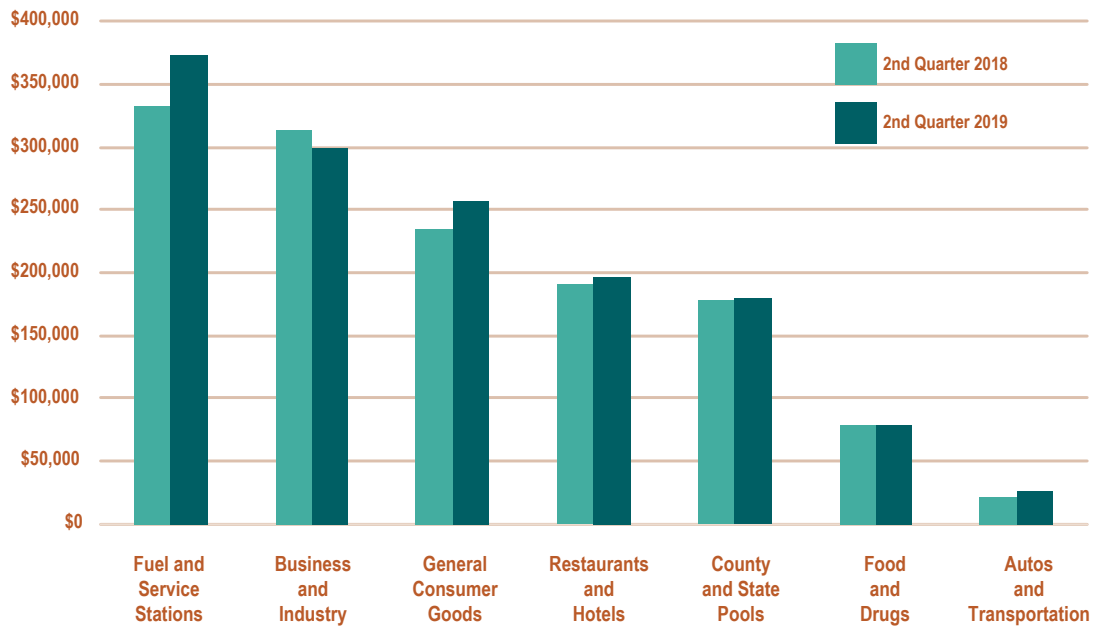
These temporary payment deviations overstated results in all major industry groups. A store closure was a significant factor in the overall decrease. In addition, business to business receipts were 17.9% lower than the prior year.

General retail slumped 10.4% while hospitality-related sectors trailed statewide trends with lower performance in fast-casual and quick-service restaurants.

Service station receipts were the bright spot gaining 4.2% on an actual basis boosted by higher fuel prices.

Net of aberrations, taxable receipts for all of Orange County grew 4.0% over the comparable time period; the Southern California region was up 2.6%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Aliso Creek Union 76	Pacific Park Auto Care
All Hands Car Wash/ Chevron	Panini Kabob Grill
Barnes & Noble	Petsmart
Chevron	Raising Cane's
Chick Fil A	Ralphs
Circle K/Mobil	Renaissance Clubsport
CVS Pharmacy	Shell
Digital River	Stadium Brewing Company
eFuel	Stater Bros
El Dorado Hand Car Wash	Target
Metagenics	TJ Maxx
Michaels	Trader Joes
Neogenomics Laboratories	

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date (Q3 to Q2)

	2017-18	2018-19
Point-of-Sale	\$5,365,801	\$5,522,874
County Pool	724,026	773,588
State Pool	3,078	2,763
<b>Gross Receipts</b>	<b>\$6,092,905</b>	<b>\$6,299,226</b>

**California Overall**

The local one percent share of California's sales and use tax from April through June sales was 20.4% higher than the same quarter in 2018. However, the actual gain came to 2.9% after factoring for online filing issues and accounting anomalies. Fiscal year 2018-19 ended with an increase of 3.6% over the previous year after similarly adjusting for reporting aberrations.

The quarter exhibited continuation of a recent softening for most taxable categories. Rising used car sales and rentals helped offset what was otherwise, a generally flat quarter for the auto-transportation group. An acceleration in online shopping boosted receipts from county wide pools while gains for brick and mortar stores were limited to value-priced apparel, discount department stores and jewelry.

Restaurant patronage appears to be leveling with a shift toward lower cost dining options that produced relatively modest gains for the group when compared to previous quarters. New cannabis operations resulted in a small rise in food and drug receipts.

A 2.5% gain in business-industrial sales and use tax revenues came primarily from online fulfillment centers, logistics and utility company purchases and ongoing investment in automation and information technology. A similar rise in receipts from the building-construction group was due to a variety of infrastructure and onetime special projects that offset declines in material purchases for new home construction.

**Marketplace Facilitator Act**

Effective Oct. 1, 2019, companies such as Amazon, eBay and Google who provide sales tax related services to other retailers are required to assume the obligation for collecting and remitting their client's sales and use tax. The definition of sales-related services includes payment processing, inventory and shipping of merchandise, order taking, providing customer service, or assisting with re-

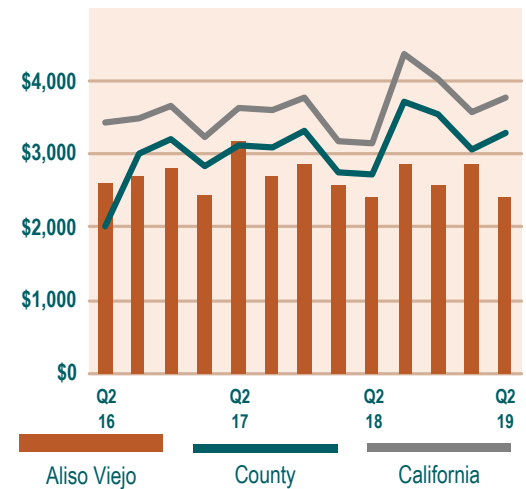
turns and exchanges.

The Marketplace provision was part of AB 147 which was adopted to implement California's approach to the U.S. Supreme Court decision in South Dakota v. Wayfair Inc.

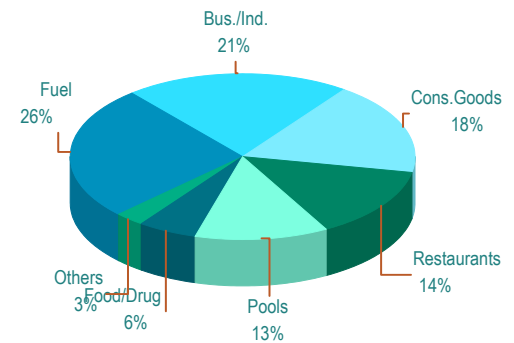
AB 147 requires out-of-state retailers with annual combined sales of \$500,000 or more to now collect and remit this state's sales and use tax from its customers. Applying the \$500,000 threshold to the sum total of all the third-party transactions that facilitators process for their clients, is hoped to produce moderate gains in previously uncollected revenues for the state, cities, counties and local transaction tax districts.

Facilitator tax remittances from merchandise inventoried in California will be allocated to specific jurisdictions while receipts from deliveries outside of the state will be distributed via the pools. Some facilitators have begun to collect and remit taxes ahead of this deadline. This is evidenced by new pool allocations and increases in direct allocations to certain jurisdictions.

**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 '19*	Change	Change	Change
Business Services	— CONFIDENTIAL —	—	19.8%	42.0%
Casual Dining	64.9	3.3%	25.3%	24.4%
Discount Dept Stores	— CONFIDENTIAL —	—	22.9%	26.3%
Drug Stores	— CONFIDENTIAL —	—	3.5%	-0.3%
Drugs/Chemicals	— CONFIDENTIAL —	—	84.9%	43.0%
Electronics/Appliance Stores	21.0	10.0%	10.1%	7.0%
Family Apparel	— CONFIDENTIAL —	—	35.1%	45.3%
Fast-Casual Restaurants	53.1	-2.7%	16.0%	18.6%
Grocery Stores	— CONFIDENTIAL —	—	3.7%	9.6%
Leisure/Entertainment	27.5	18.6%	11.3%	16.3%
Medical/Biotech	28.1	-40.5%	95.9%	39.4%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	23.9%	15.4%
Quick-Service Restaurants	51.0	3.8%	15.8%	15.8%
Service Stations	159.9	28.9%	61.7%	51.4%
Specialty Stores	19.2	-7.9%	-2.4%	-8.0%
<b>Total All Accounts</b>	<b>1,244.8</b>	<b>0.0%</b>	<b>21.5%</b>	<b>20.1%</b>
<b>County &amp; State Pool Allocation</b>	<b>178.8</b>	<b>0.9%</b>	<b>22.1%</b>	<b>22.4%</b>
<b>Gross Receipts</b>	<b>1,423.6</b>	<b>0.1%</b>	<b>21.6%</b>	<b>20.4%</b>