

# Q3 2015



# Grand Terrace Sales Tax *Update*

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

## Grand Terrace In Brief

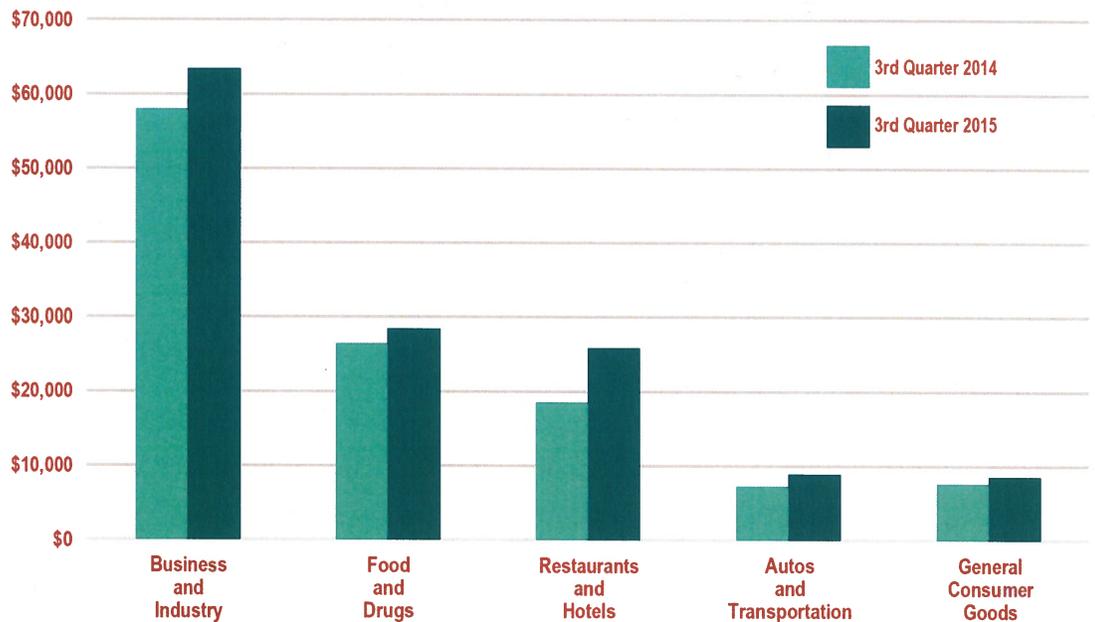
Grand Terrace's receipts from July through September were 23.4% above the third sales period in 2014, although a negative adjustment that depressed comparative quarter results was a large portion of the gain. Excluding this and other reporting aberrations, actual sales were up 10.5%.

The business and industry sector posted higher receipts as a onetime payment in the current quarter and a reporting aberration in the comparative quarter offset lower net sales from existing businesses. Similarly, a onetime payment boosted the automotive group, while receipts from a new quick-service outlet and a double payment from a casual dining eatery were largely responsible for the gain from restaurants.

General consumer goods and food and drugs posted strong results as most business types in both groups experienced higher sales. The city's allocation from the countywide use tax pool increased 16.2% over the comparative quarter.

Net of aberrations, taxable sales for all of San Bernardino County grew 9.9% 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

Arco	Miguels Jr
AutoZone	National Logistics Team
Balloon Team Promotions	Nu Ray Metal Products
Chevron	One Source Distributors
CVS	Riverside Winnelson
Dollar Tree	Smart Time
Dominos Pizza	Stater Bros
Duncan Bros	Taco Village
Elegant Stones	Thai Kitchen
Food Connection	Walgreens
Get Loaded	West Coast Plastics
Grand Terrace Shell	
Little Caesars Pizza	
McDonalds	

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$370,535	\$379,163
County Pool	41,153	41,940
State Pool	268	185
<b>Gross Receipts</b>	<b>\$411,956</b>	<b>\$421,289</b>
<b>Less Triple Flip*</b>	<b>\$(102,989)</b>	<b>\$(105,322)</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**

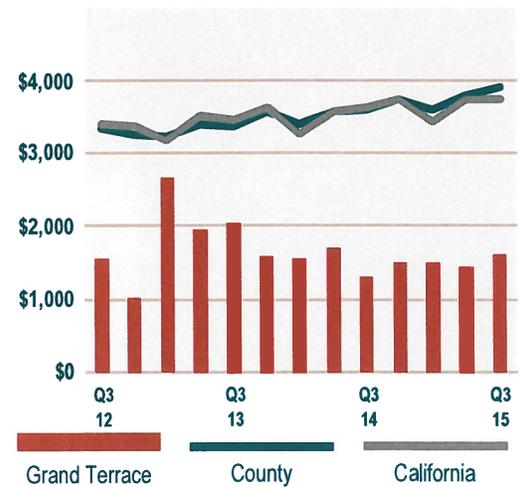
Tax rebates are subject to additional restrictions and reporting requirements in 2016.

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.

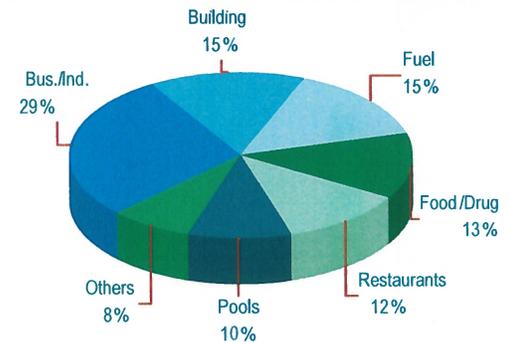
The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

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**  
Grand Terrace This Quarter



**GRAND TERRACE TOP 15 BUSINESS TYPES**

Business Type	Grand Terrace		County	HdL State
	Q3 '15	Change	Change	Change
Auto Repair Shops	2,494	4.4%	11.4%	6.2%
Automotive Supply Stores	— CONFIDENTIAL —	—	10.1%	5.8%
Business Services	— CONFIDENTIAL —	—	39.8%	1.1%
Casual Dining	4,825	81.7%	3.9%	5.2%
Contractors	— CONFIDENTIAL —	—	43.4%	13.0%
Drug Stores	— CONFIDENTIAL —	—	-2.1%	-1.4%
Electrical Equipment	— CONFIDENTIAL —	—	-14.0%	-0.6%
Grocery Stores Liquor	— CONFIDENTIAL —	—	7.4%	3.8%
Heavy Industrial	— CONFIDENTIAL —	—	-3.6%	6.4%
Plumbing/Electrical Supplies	— CONFIDENTIAL —	—	26.0%	10.2%
Quick-Service Restaurants	21,029	32.1%	4.0%	6.8%
Service Stations	— CONFIDENTIAL —	—	-8.8%	-11.8%
Specialty Stores	1,861	3.5%	-4.9%	5.9%
Sporting Goods/Bike Stores	— CONFIDENTIAL —	—	-4.4%	0.7%
Variety Stores	— CONFIDENTIAL —	—	6.6%	4.9%
<b>Total All Accounts</b>	<b>200,554</b>	<b>24.3%</b>	<b>9.5%</b>	<b>2.3%</b>
<b>County &amp; State Pool Allocation</b>	<b>21,270</b>	<b>15.7%</b>	<b>1.9%</b>	<b>3.5%</b>
<b>Gross Receipts</b>	<b>221,824</b>	<b>23.4%</b>	<b>8.7%</b>	<b>2.4%</b>