

# Q1 2013



# Grand Terrace Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2013)

## Grand Terrace In Brief

Receipts for Grand Terrace's January through March sales were 44.8% higher than the same quarter one year ago. Actual sales activity was down 1.2% when reporting aberrations were factored out.

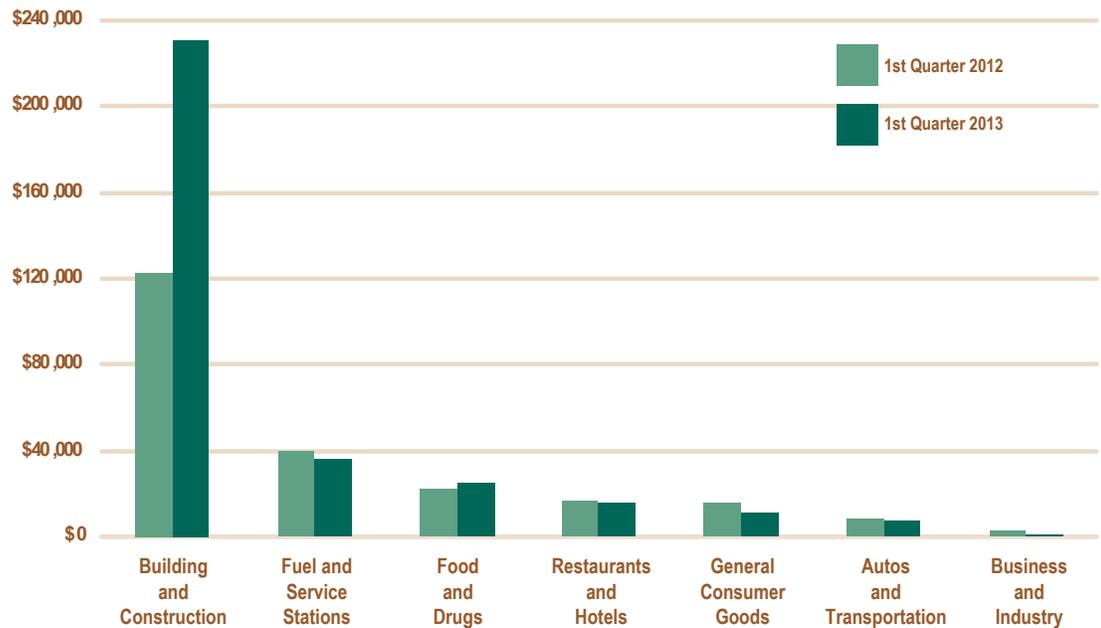
The increase in building and construction was exaggerated by a one-time reporting aberration. A recent addition helped boost revenues from food and drugs.

The city's allocation from the county use tax pool increased overall results.

The gains were partially offset by a decline in sales from fuel and service stations and quick-service restaurants. A previous relocation reduced receipts from general consumer goods.

Adjusted for aberrations, taxable sales for all of San Bernardino County increased 5.2% over the comparable time period, while the Southern California region as a whole was up 6.5%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Alexander Dental Designs Lab	Inland Business Forms
Arco	Little Caesars Pizza
Auto Zone	Miguels Jr
Barr Door	Mongolian BBQ
Chevron	Riverside Winnelson
CVS Pharmacy	Smart Time Food Store
Demetris Burgers	Stater Bros
Dollar Tree	Superior Pool Products
Dominos Pizza	Swertfegers Equipment
Essco Wholesale Electric	Taco Village
Grand Terrace Liquor	Walgreens
Grand Terrace Shell	West Coast Plastics
Harris Transfer	

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$876,446	\$861,961
County Pool	96,286	96,215
State Pool	333	482
<b>Gross Receipts</b>	<b>\$973,066</b>	<b>\$958,658</b>
<b>Less Triple Flip*</b>	<b>\$(243,266)</b>	<b>\$(239,665)</b>

\*Reimbursed from county compensation fund

**California Overall**

After adjusting for payment aberrations, statewide sales tax receipts for January through March sales were 6.5% higher than the same period in 2012.

Strong sales for apparel, department stores and big box discounters lifted general consumer goods and accounted for 23% of the statewide increase. Improvements in the housing sector pushed building and construction sales up 8.6%. Continued robust sales of new automobiles led to a 9.3% increase over the comparable quarter. Reduced consumption combined with lower gasoline prices cut fuel and service station returns in the first quarter by 2.7%.

**Energy Projects Boost Business and Industry Gains**

Taxes from construction of solar, wind, biomass and geothermal power projects accounted for 39% of California's business-to-business sales this quarter and produced significant windfalls for a handful of local agencies.

This temporary boost in revenues came from the federal government's goal of doubling the nation's renewable energy production in three years and from California's SB 2X which was signed in April of 2011 and calls for 33% of all retail electricity sales to be from renewable energy sources by 2020. Joint federal and state funding efforts to meet these goals have resulted in the initiation of more than a dozen utility-scale solar energy projects and over 130 renewable power plant projects in California.

Intermittent quarterly spikes in sales and use tax receipts from projects under construction or in the pipeline are expected for another two years.

**Decline in Fuel Consumption Continues**

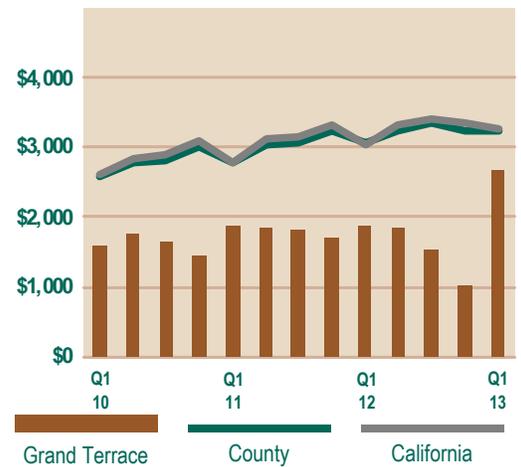
According to the most recent data from the State Board of Equalization, California's gasoline usage fell 1.7% while diesel consumption eased 0.4% in the fourth quarter of 2012 from 2011 levels. This continues a decline that began in 2005 and which is almost twice the nationwide drop.

Historically, economic conditions have been the primary driver in fuel usage, however other factors are becoming increasingly prevalent. Nationally, total vehicle miles traveled have dropped eight years in a row as aging drivers travel fewer miles and the millennial generation, focused on social networking technology, is driving less than previous generations. Increased fuel efficiency is also at play with the average new car achieving 16% more miles per gallon than just five years ago and some

commercial trucking fleets shifting to natural gas.

Until recently, price increases have offset consumption declines. The price gains were partly the result of California refineries exporting their finished product to emerging economies with higher demand and also by periodic refinery and transmission interruptions in the state's limited production infrastructure.

**SALES PER CAPITA**



**GRAND TERRACE TOP 15 BUSINESS TYPES**

Business Type	Grand Terrace		County	HdL State
	Q1 '13	Change	Change	Change
Auto Repair Shops	— CONFIDENTIAL —	—	5.8%	3.9%
Automotive Supply Stores	— CONFIDENTIAL —	—	2.2%	4.9%
Contractors	11,776	0.1%	0.1%	5.9%
Drug Stores	— CONFIDENTIAL —	—	4.0%	2.9%
Grocery Stores Beer/Wine	— CONFIDENTIAL —	—	16.7%	0.6%
Grocery Stores Liquor	— CONFIDENTIAL —	—	18.7%	24.7%
Medical/Biotech	1,119	-41.1%	11.3%	2.6%
Package Liquor Stores	— CONFIDENTIAL —	—	2.2%	2.7%
Plumbing/Electrical Supplies	— CONFIDENTIAL —	—	32.1%	13.7%
Restaurants No Alcohol	14,439	-9.6%	5.6%	6.0%
Service Stations	— CONFIDENTIAL —	—	-5.6%	-2.2%
Specialty Stores	1,389	-71.4%	6.6%	2.4%
Stationery/Book Stores	— CONFIDENTIAL —	—	-4.2%	-6.5%
Trailers/RVs	— CONFIDENTIAL —	—	33.2%	15.3%
Variety Stores	— CONFIDENTIAL —	—	16.2%	17.4%
<b>Total All Accounts</b>	<b>\$327,719</b>	<b>43.7%</b>	<b>6.0%</b>	<b>5.7%</b>
<b>County &amp; State Pool Allocation</b>	<b>37,946</b>	<b>55.5%</b>		
<b>Gross Receipts</b>	<b>\$365,665</b>	<b>44.8%</b>		