

# Q1

2013



# San Fernando Sales Tax *Update*

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

## San Fernando In Brief

**S**an Fernando's allocation of tax revenues from its January through March sales were 6.2% higher than the same quarter one year ago.

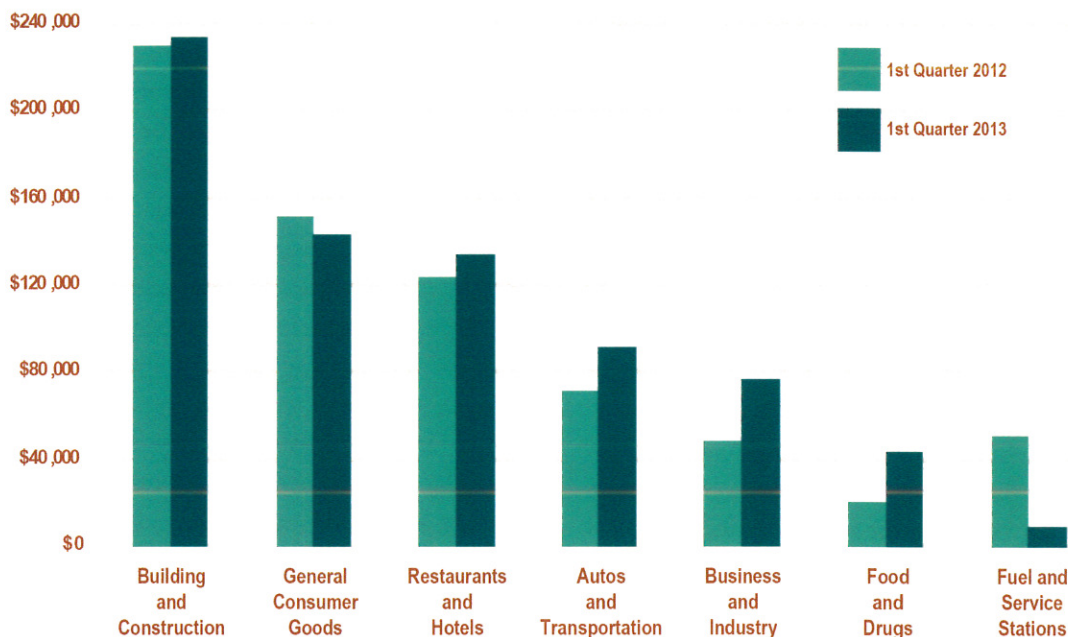
**T**he comparisons were skewed by a series of accounting anomalies that inflated receipts from the food-drugs and auto-transportation groups while deflating revenues from fuel-service stations and building-construction. Actual sales activity was up 11.0% after factoring for reporting aberrations.

**R**ecent additions to the contractor supply and electrical equipment categories, plus a solid quarter for lumber-building materials and super markets, were primarily responsible for the actual increase. A rise in the countywide "use tax" allocation pool, which resulted from the earlier passage of AB155's expanded definition of nexus for out-of-state companies required to collect California's sales tax, was also a factor.

**T**he gains were partially offset by the previous closeout of a department store.

**A**adjusted for aberrations, sales and use tax revenues for all of Los Angeles County increased 4.9% over the comparable time period while Southern California as a whole was up 6.5%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

In Alphabetical Order

Acey Decy Lighting	McDonalds
Arco	Nachos Ornamental Supply
Arroyo Building Materials	Pep Boys
Auto Zone	Pool & Electrical Products
Casco	Sams Club
El Pollo Loco	Southland Lighting
El Super	Taco Bell
Environments Plus	TMB Production Supplies & Services
Food 4 Less	Truman 76
Global Hvac Distributors	Vallarta Supermarket
Goodman Distribution	Warehouse Shoe Sale
Home Depot	
IHOP	
Jack in the Box	

## REVENUE COMPARISON

Four Quarters - Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$2,934,575	\$3,149,340
County Pool	323,581	370,162
State Pool	1,090	1,376
Gross Receipts	\$3,259,246	\$3,520,878
Less Triple Flip*	\$(814,812)	\$(880,220)

\*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

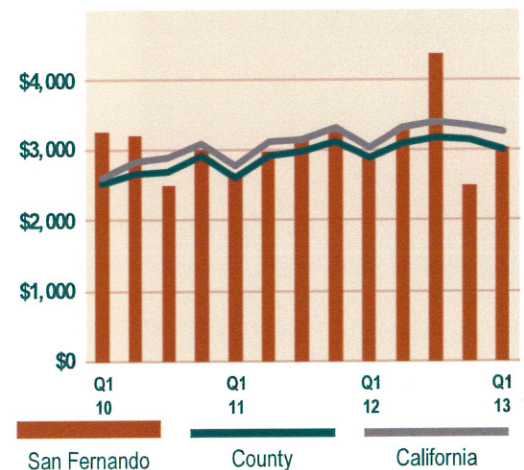
According to the most recent data from the State Board of Equalization, California's gasoline usage fell 1.7% while diesel consumption eased 0.4% in the fourth quarter of 2012 from 2011 levels. This continues a decline that began in 2005 and which is almost twice the nationwide drop.

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



### SAN FERNANDO TOP 15 BUSINESS TYPES

Business Type	San Fernando		County	HdL State
	Q1 '13	Change	Change	Change
Auto Lease	— CONFIDENTIAL —		18.1%	37.4%
Auto Repair Shops	14,892	1.4%	4.6%	3.9%
Automotive Supply Stores	27,014	18.7%	4.6%	4.9%
Contractors	40,492	48.9%	-1.6%	5.9%
Discount Dept Stores	— CONFIDENTIAL —		5.4%	5.1%
Electrical Equipment	16,816	409.8%	52.5%	5.0%
Electronics/Appliance Stores	14,645	56.6%	-0.6%	-3.3%
Grocery Stores Liquor	33,343	197.9%	64.0%	24.7%
Heavy Industrial	12,818	602.3%	5.6%	7.8%
Lumber/Building Materials	— CONFIDENTIAL —		-1.5%	7.2%
Plumbing/Electrical Supplies	— CONFIDENTIAL —		14.4%	13.7%
Repair Shop/Equip. Rentals	10,367	3.4%	22.6%	-1.1%
Restaurants Beer And Wine	9,889	38.4%	-1.6%	-1.4%
Restaurants No Alcohol	115,643	4.5%	4.4%	6.0%
Shoe Stores	— CONFIDENTIAL —		10.5%	10.6%
<b>Total All Accounts</b>	<b>\$731,964</b>	<b>5.2%</b>	<b>5.0%</b>	<b>5.7%</b>
<b>County &amp; State Pool Allocation</b>	<b>85,951</b>	<b>15.3%</b>		
<b>Gross Receipts</b>	<b>\$817,915</b>	<b>6.2%</b>		