

Q3

2013



San Fernando Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2013)

San Fernando In Brief

Receipts for San Fernando's July through September sales were 6.8% lower than the same quarter one year ago. Actual sales activity was up 16.9% when reporting aberrations were factored out.

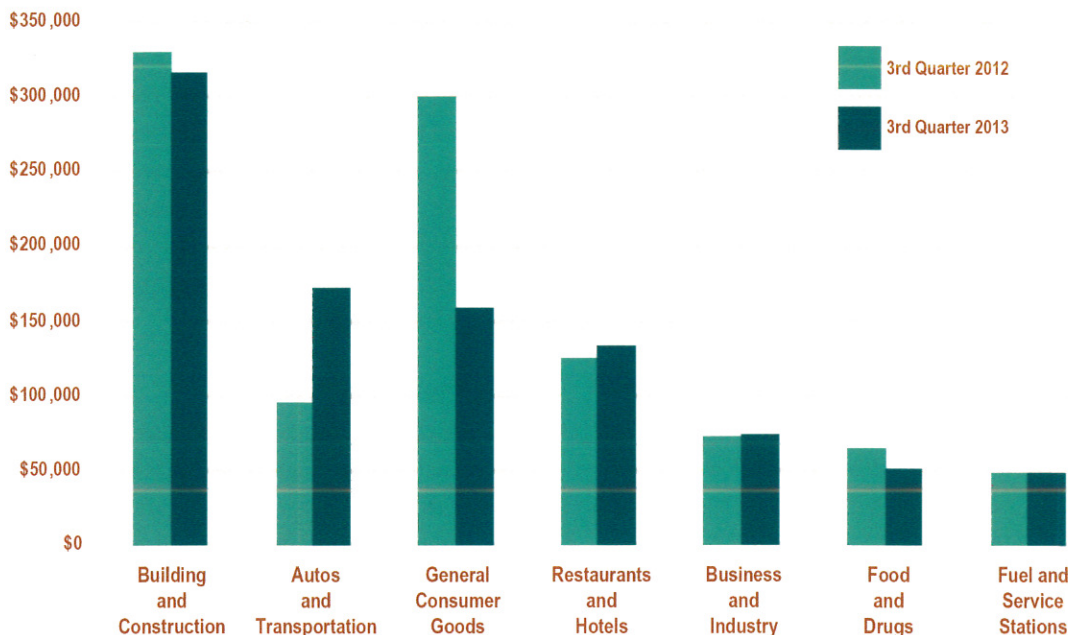
A onetime accounting adjustment that exaggerated year ago returns from general consumer goods was primarily responsible for the current decrease.

Double-up payments that inflated last year's allocation caused in the drops in building & construction and food & drugs.

The losses were offset by a recent addition that helped boost revenues from autos and transportation

Aadjusted for aberrations, taxable sales for all of Los Angeles County increased 4.5% over the comparable time period, while the Southern California region as a whole was up 5.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Acey Decy Lighting	Pep Boys
Arco	Pool & Electrical Products
Arroyo Building Materials	Rydel Chrysler Dodge Jeep Ram
Boener Truck Center	Sams Club
Casco	Southland Lighting
El Pollo Loco	T Mobile
El Super	TMB Production Supplies & Services
Food 4 Less	Truman 76
Global HVAC Distributors	Vallarta Supermarket
Goodman Distribution	Verizon Wireless
Home Depot	Warehouse Shoe Sale
Honda Lease Trust	
McDonalds	
Nachos Ornamental Supply	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$1,826,509	\$1,747,018
County Pool	206,224	197,412
State Pool	418	906
Gross Receipts	\$2,033,151	\$1,945,335
Less Triple Flip*	\$(508,288)	\$(486,334)
Gross Trans. Tax	\$0	\$7,246

**Reimbursed from county compensation fund*

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter was temporarily reduced by a state computer glitch that failed to fully fund receipts from sellers of building and construction supplies. Actual sales activity was up 5.8% over last year's comparable quarter after adjusting for this and other aberrations. Overall performance was generally similar throughout most regions of the state.

New and used auto sales and leases again grew at double digit rates and were the primary contributor to the quarter's statewide growth. With on-line sales remaining strong and more businesses reporting due to the state's new out-of-state reporting requirements, countywide pool allocations became the second largest portion of this quarter's overall increase. Recovering building and construction activity was also significant with a 9.7% gain after adjusting for the delayed allocations.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the third consecutive quarter.

Local Sales Tax Measures

Ten of twelve proposals for sales tax add-ons were approved in November as voters continued to support funding local services where they have more input and control.

New taxes were approved in Antioch, Corte Madera, Huron, Larkspur, San Anselmo and Scotts Valley. Existing add-ons were either increased or extended in El Monte, Rohnert Park, San Rafael and Stockton.

This brings the total number of city transactions and use tax districts to 135 and countywide districts to 44. Additional measures are expected to appear on local ballots in 2014.

Tax Rebates

Effective January 1, AB 562 (Williams) requires public notice and hearings on economic subsidies exceeding \$100,000. Identification of beneficiaries of the subsidy, the amounts, the beginning and ending dates and promised tax and job benefits are required as are periodic up-dates.

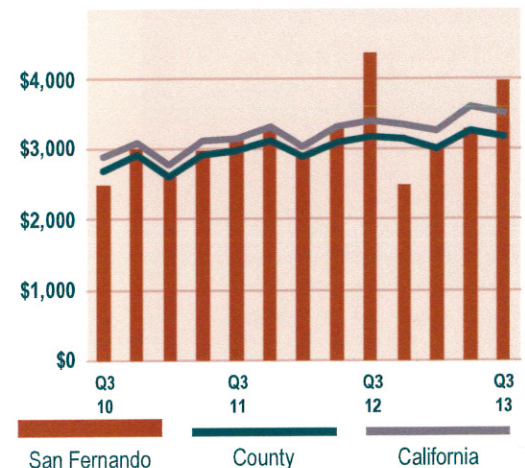
As on-line sales divert a greater portion of tax revenues from business and consumer purchases to centralized fulfillment centers, rebates of up to 85% are being bid in exchange for being the "point of sale" for the remainder. This bill encourages deeper evaluation of agreements that are collectively transferring an alarming share of statewide local sales tax to corporate bottom lines while cutting revenues for public services.

Holiday Sales Tax Shifts

Local tax receipts from fourth quarter sales will not be seen until March but may differ from previous years. Some forecasters predicted that on-line shopping would account for

up to 40% of holiday sales which would transfer that portion of the tax from stores to central fulfillment centers or county allocation pools. Final tax results from holiday spending will be pushed into June based on a National Retail Federation survey that showed 80% of shoppers gave at least one gift card. Tax is not charged until a gift card is redeemed.

SALES PER CAPITA



SAN FERNANDO TOP 15 BUSINESS TYPES

Business Type	San Fernando		County	HdL State
	Q3 '13	Change	Change	Change
Auto Lease	48,389	27.4%	17.1%	18.1%
Automotive Supply Stores	25,466	5.0%	7.4%	5.8%
Casual Dining	27,314	19.7%	3.1%	2.8%
Contractors	55,749	-2.0%	7.2%	11.2%
Discount Dept Stores	— CONFIDENTIAL —		-10.8%	-8.1%
Electrical Equipment	22,328	-3.6%	47.5%	-2.7%
Electronics/Appliance Stores	23,997	125.9%	3.4%	4.2%
Grocery Stores Liquor	40,265	-24.5%	-20.5%	-9.8%
Lumber/Building Materials	232,612	-6.6%	-18.1%	-15.8%
New Motor Vehicle Dealers	— CONFIDENTIAL —		9.1%	12.8%
Plumbing/Electrical Supplies	28,681	19.4%	6.0%	4.0%
Quick-Service Restaurants	100,755	4.8%	3.9%	4.1%
Repair Shop/Equip. Rentals	14,544	11.5%	6.3%	10.9%
Service Stations	47,653	0.2%	-1.2%	-1.5%
Shoe Stores	12,511	1.6%	5.6%	6.5%
Total All Accounts	\$956,439	-7.8%	1.4%	2.5%
County & State Pool Allocation	\$115,106	2.0%	12.1%	12.5%
Gross Receipts	\$1,071,545	-6.8%	2.4%	3.5%