

# Q1 2015



# City of Murrieta Sales Tax Update

Second Quarter Receipts for First Quarter Sales (January - March 2015)

## Murrieta In Brief

Receipts for Murrieta's January through March sales were 9.2% lower than the same quarter one year ago. Actual sales activity was up 0.2% when reporting aberrations were factored out.

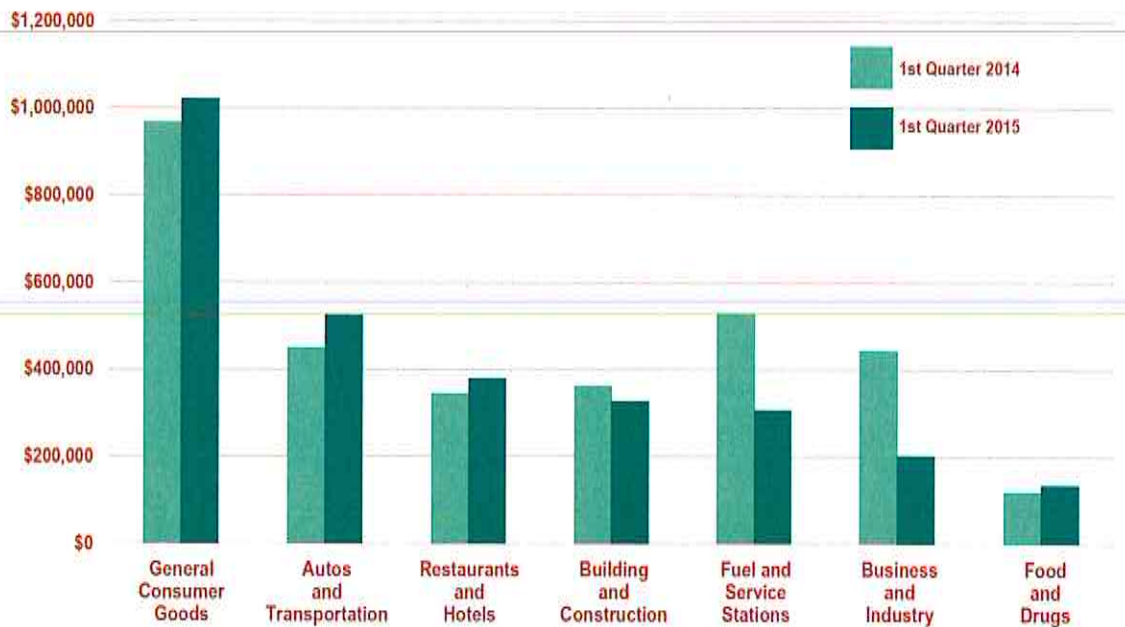
An accounting adjustment for prior return periods caused a temporary decline in electronics and appliance stores. A double-up payment that inflated last year's allocation was responsible for the decline in lumber and building materials. Lower fuel prices negatively impacted totals from service stations.

The losses were partially offset by a new addition in the food and drug category. Receipts for home furnishings were temporarily inflated by onetime accounting adjustments. General consumer goods showed solid gains.

The city's allocation from the countywide use tax pool dropped 3.6% when compared to the same period in the prior year.

Adjusted for aberrations, taxable sales for all of Riverside County increased 3.9% over the comparable time period, while the Southern California region as a whole was up 3.2%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS IN ALPHABETICAL ORDER

Albertsons	Kohls
Arco AM PM	Lowes
Best Buy	Mor Furniture For Less
BMW of Murrieta	Murrieta Hot Springs Shell
Burger King	Ross
Burlington Coat Factory	Sams Club
Chevron	Target
Circle K	Temecula Motorsports
Dick's Sporting Goods	Tesoro Refining & Marketing
Financial Services Vehicle Trust	Toys R Us
Giant Inland Empire RV Center	Volkswagen of Murrieta
Home Depot	Walmart
Jeromes Furniture Warehouse	

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$12,162,549	\$12,391,931
County Pool	1,309,832	1,295,719
State Pool	8,202	7,962
<b>Gross Receipts</b>	<b>\$13,480,583</b>	<b>\$13,695,612</b>
Less Triple Flip*	\$(3,370,146)	\$(3,423,903)

\*Reimbursed from county compensation fund



**California as a Whole**

Local one cent tax receipts from sales occurring January through March rose 3.65% over 2014's comparable quarter after adjusting for reporting anomalies.

An exceptionally strong quarter for auto sales/leases and restaurants was the primary contributor to the overall increase. A rise in building-construction materials was also a factor although much of this growth came from specific office and sports facility projects in Northern California.

Gains from sales of general consumer goods were primarily in value priced clothing, home furnishings and specialty retail which includes pet supplies and cosmetics. Online shopping involving goods shipped from out of state continues to shift a major portion of the growth in general consumer goods to the countywide pools.

The statewide gains were largely offset by a 21% decline in receipts from fuel and service stations.

**Tax on Services**

The Board of Equalization has released an estimate that levying sales and use tax on services would raise over \$122.5 billion in state and local revenues or enough to lower the overall tax rate to under 4%.

Originally imposed in 1933 as a 2 1/2% tax with only three exemptions, the legislature has gradually exempted more and more goods from the sales tax while raising rates to compensate for the corresponding revenue loss. This and the state's shift from a manufacturing to service economy has created the nation's highest sales tax rate on the narrowest basket of goods.

Although more discussion is needed, there is interest in expanding the sales tax to services and lowering the rate to make the tax less regressive and

more competitive while providing greater flexibility in the development of local tax bases.

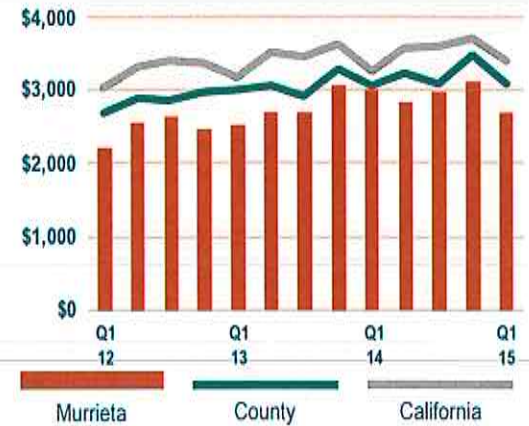
**Tax on Jet Fuel**

The Federal Aviation Administration has ruled that sales taxes on jet fuel must only be used for airport and aviation programs. The rule applies to taxes levied after 1987 but is unclear as to transactions tax districts, Proposition 172 revenues, or revenues collected by jurisdictions without airports. Clarification will not be available until FAA review and approval of a plan that has to be submitted by the state Department of Finance by December 8, 2015.

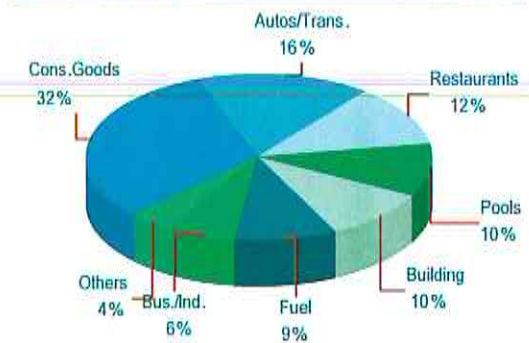
**Tax on Marijuana**

A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE findings are expected by November 2015.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Murrieta This Quarter



**MURRIETA TOP 15 BUSINESS TYPES**

Business Type	*In thousands			
	Murrieta Q1 '15*	Change	County Change	HdL State Change
Auto Repair Shops	56.7	6.3%	11.4%	7.3%
Boats/Motorcycles	— CONFIDENTIAL —	—	6.5%	13.3%
Casual Dining	127.9	14.7%	4.7%	5.1%
Contractors	69.3	14.1%	4.9%	14.6%
Discount Dept Stores	— CONFIDENTIAL —	—	2.1%	4.2%
Electronics/Appliance Stores	92.6	-13.1%	-7.6%	-0.9%
Family Apparel	63.0	14.7%	14.7%	9.8%
Grocery Stores Liquor	65.9	30.8%	8.5%	5.0%
Home Furnishings	179.1	28.3%	6.0%	8.3%
Lumber/Building Materials	183.0	-12.0%	-2.7%	-3.0%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	11.8%	11.1%
Quick-Service Restaurants	177.8	6.7%	11.5%	10.9%
Service Stations	288.8	-30.5%	-20.8%	-21.9%
Specialty Stores	94.4	13.9%	42.1%	10.1%
Trailers/RVs	— CONFIDENTIAL —	—	32.5%	25.2%
<b>Total All Accounts</b>	<b>\$2,901.8</b>	<b>-9.7%</b>	<b>2.7%</b>	<b>3.6%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$331.1</b>	<b>-4.4%</b>	<b>8.8%</b>	<b>1.1%</b>
<b>Gross Receipts</b>	<b>\$3,232.8</b>	<b>-9.2%</b>	<b>3.3%</b>	<b>3.3%</b>