

Q3 2014



City of Murrieta Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2014)

Murrieta In Brief

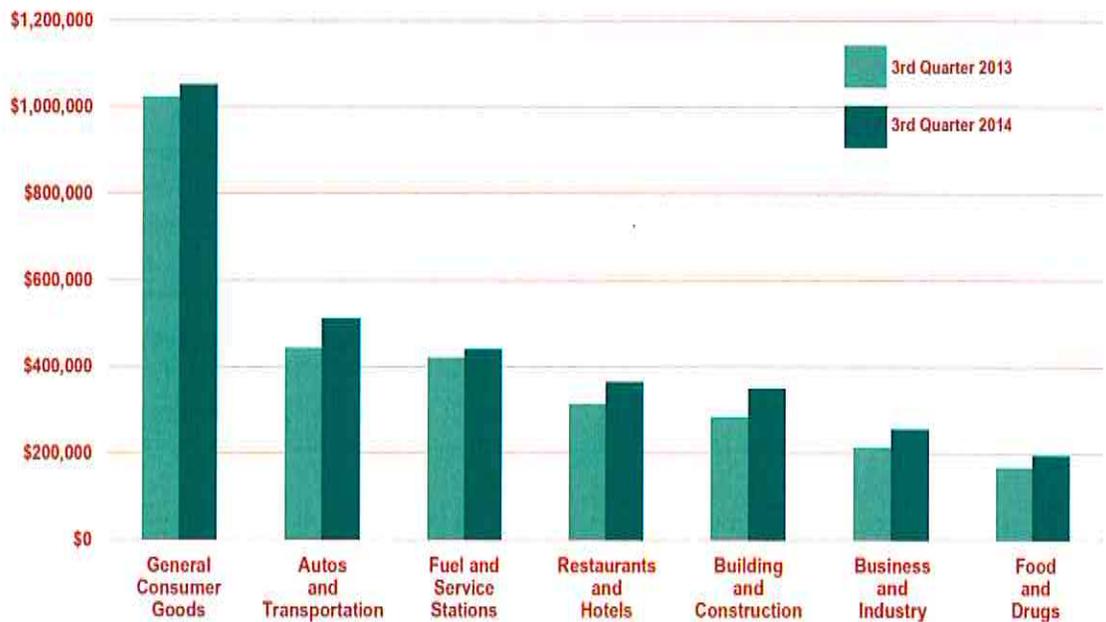
Gross receipts for Murrieta's July through September sales were 11.8% higher than the same quarter one year ago. Actual sales activity increased 9.7% when accounting aberrations were excluded.

All major industry groups reported higher sales although accounting events that affected one or both periods inflated gains from both the building and construction and restaurant groups; group totals were actually up 4.5% and 10.2%, respectively. Solid sales from multiple categories helped both the automotive and business and industry groups outpace both county and state averages. The allocation from the countywide use tax pool was also a factor for the overall increase. Pool receipts available for distribution were 18.6% higher than the same quarter last year.

Accounting aberrations depressed results from service stations, understating gains from a recent addition to the fuel and service stations group, but overstated the modest 1.6% increase from general consumer goods.

Adjusted for reporting anomalies, sales and use tax receipts for all of Riverside County rose 6.9% over the same time period, while the Southern California region as a whole was up 5.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS IN ALPHABETICAL ORDER

7 Eleven	Mor Furniture for Less
Arco AM PM	Murrieta Hot Springs Shell
Arco AM PM	Nexus IS
Best Buy	Ralphs
BMW of Murrieta	Ross
Chevron	Sams Club
Circle K	Target
Giant Inland Empire RV Center	Temecula Motorsports
Home Depot	Tesoro Refining & Marketing
Jeromes Furniture Warehouse	USA Gasoline
Kalmia Gas Mart	Volkswagen of Murrieta
Kohls	Walmart
Lowes	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$5,714,280	\$6,180,411
County Pool	605,906	703,277
State Pool	3,032	4,436
Gross Receipts	\$6,323,218	\$6,888,124
Less Triple Flip*	\$(1,580,805)	\$(1,722,031)

*Reimbursed from county compensation fund

California Overall

With payment aberrations removed, local sales tax revenues rose 5.5% over the comparable quarter of July through September 2013.

The largest gains were from the countywide use tax pools which have been boosted by the rising shift to online shopping and involve a larger portion of goods shipped from out-of-state. Rising sales from auto dealers and restaurants, high tech Silicon Valley business activities, and Southern California construction also contributed.

Among general consumer goods, discount department stores, value priced apparel, home goods, pet and personal care products outperformed other categories.

The Impact of Falling Gas Prices on Sales Tax

Fuel prices plunged to a 5 year low in December with predictions that expanded North American oil production, gains in fuel efficiency and a sluggish international economy will sustain lower gas prices through much of 2015.

Not all of the estimated \$50 to \$75 per month family savings will be spent on taxable goods. Part will be absorbed by rising costs of food and other non-taxable necessities and by the ongoing shift in buying habits from purchases of taxable goods to non-taxable services, cellphone fees and internet access.

Among the various economic segments that make up each agency's sales tax base, grocers, drug stores and restaurants should benefit most. Extra disposable income translates into more travel, dining out and impulse purchases of taxable items while shopping for food and necessities.

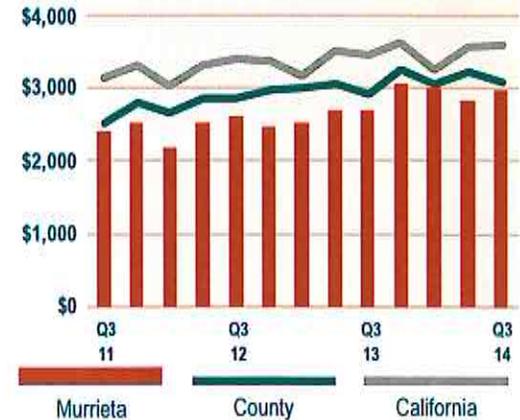
Despite intensive price competition, tax gains from general con-

sumer goods can also be expected although accelerating online shopping will shift much of the growth to the countywide allocation pools rather than brick and mortar stores.

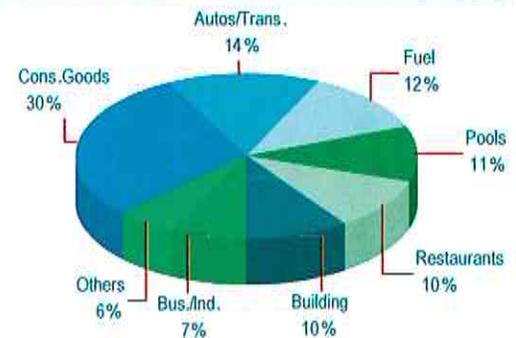
Agencies with auto dealerships are also benefiting as lower fuel prices and increased fuel efficiency have buyers choosing more costly SUVs and accessories. Gains in home improvement purchases are anticipated although the tax will be distributed via countywide pools if the sale includes onsite installation.

The major losing tax segment will be in fuel/service stations. The losses will be partially offset by increased travel/fuel consumption and by added costs associated with new green emission requirements that went into effect January 1. Even so, substantial declines from service stations, truck stops, bulk and jet fuel operators and petroleum industry suppliers should be anticipated. In the business/industry segment, tax from capital investment in new alternative energy and oil production projects is likely to slow.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Murrieta This Quarter



MURRIETA TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Murrieta Q3 '14*	Murrieta Change	County Change	HdL State Change
Boats/Motorcycles	— CONFIDENTIAL —	—	26.8%	9.7%
Casual Dining	113.6	13.2%	9.4%	6.5%
Contractors	83.0	5.5%	11.0%	11.5%
Discount Dept Stores	— CONFIDENTIAL —	—	2.0%	2.5%
Electronics/Appliance Stores	101.9	0.5%	5.6%	2.7%
Family Apparel	59.1	-1.0%	14.6%	6.0%
Grocery Stores Liquor	125.4	28.3%	15.9%	8.4%
Home Furnishings	163.2	3.3%	7.0%	6.5%
Lumber/Building Materials	191.1	26.7%	17.8%	4.7%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	10.2%	8.0%
Office Equipment	— CONFIDENTIAL —	—	-4.2%	6.1%
Quick-Service Restaurants	192.2	17.7%	8.8%	8.3%
Service Stations	411.8	-2.2%	4.0%	1.2%
Specialty Stores	88.0	-1.3%	4.6%	5.6%
Trailers/RVs	— CONFIDENTIAL —	—	-3.6%	8.9%
Total All Accounts	\$3,167.6	10.6%	7.1%	5.5%
County & State Pool Allocation	\$381.7	22.8%	18.9%	10.2%
Gross Receipts	\$3,549.3	11.8%	8.2%	6.1%