

# Q2 2015



# City of Murrieta Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (April - June 2015)

## Murrieta In Brief

Murrieta's receipts from April through June sales were 12.0% higher than the same quarter of 2014, but the data was skewed by adjustments to service station accounts that cut year-ago postings and inflated current period returns. Actual sales increased 4.5% when these and other accounting events were factored out.

The city experienced sales gains from home furnishings and several categories within the automotive group although group totals were overstated by anomalies that affected auto repair shops. Payment aberrations inflated results from grocery-liquor, contractor supplies, both quick service and casual dining restaurants and several classifications of consumer goods, including family apparel, specialty stores and electronics-appliances.

Accounting events that affected one or both periods understated results from lumber-building materials and some classifications within the business and industry group. Group totals actually increased 6.8% helped by a recent addition. Proceeds from service stations dropped 14.1% net of aberrations due to lower fuel prices.

Adjusted for anomalies, sales and use tax receipts for all of Riverside County grew 2.3% over the same period; Southern California regional totals were up 3.2%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Mor Furniture For Less
Albertsons	Murrieta Hot Springs Shell
Arco AM PM	My Goods Market
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	Toys R Us
Kalmia Gas Mart	Volkswagen of Murrieta
Kohls	Walmart
Lowes	

### REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$3,012,838	\$3,358,135
County Pool	323,768	379,784
State Pool	2,267	2,784
<b>Gross Receipts</b>	<b>\$3,338,873</b>	<b>\$3,740,703</b>
Less Triple Flip*	\$(834,718)	\$(935,176)

\*Reimbursed from county compensation fund

**Statewide Sales Tax Trends**

Excluding accounting aberrations, the local one cent share of statewide sales occurring April through June was 3.4% higher than the comparable quarter of 2014.

Receipts from the countywide use tax allocation pools accounted for the largest portion of the increase reflecting a continuing shift in consumer preferences from brick and mortar stores to online shopping for merchandise shipped from out of state.

Sales and leases of new cars continued to post impressive gains as did contractor supplies and restaurants. Overall gains were offset by a 17.1% decline in receipts from service stations and petroleum related industries.

**The Remaining Fiscal Year**

The state's unemployment rate continues to decline and real disposable income is expected to grow 2.5% to 3.0% in the second half of 2015. This improvement in incomes coupled with easy credit conditions should stimulate an increase in housing starts as well as capital investment in equipment, alternate energy and technology.

The auto industry is anticipating continuing strong sales until tapering to more sustainable levels in 2016-2017. Building and construction, the only retail segment yet to return to pre-recession levels, is gaining momentum in several regions and is expected to account for 10% of sales tax growth in the second half of the fiscal year.

Restaurant sales continue to rise although there are some concerns that the strong dollar may impact sales in areas that cater to tourists from abroad. Gains from consumer goods are expected to be modest with the strong dollar cutting prices of imported goods and an ongoing shift in consumer spending from tangible goods to services, entertainment and other non-taxable purchases.

Gasoline prices remain well below the previous year due to a worldwide glut

of oil. Barring unexpected supply or refinery disruptions, prices are expected to trend lower through the first half of 2015-16 but begin rebounding in the second half.

**Internet Sales Tax Proposal**

HR 2775 (The Remote Transaction Parity Act) is a new proposal by Representative Jason Chaffetz (R-Utah) authorizing states to require remote sellers without physical presence in their state to collect state and local sales tax from in-state buyers.

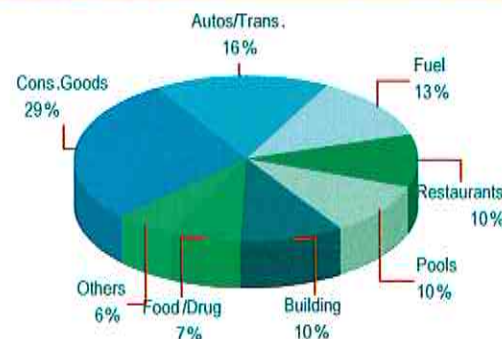
The bill currently has 52 sponsors and attempts to address objections to elements of the Marketplace Fairness Act that preceded it. The proposal provides for a three year phase in for small businesses, prohibits auditing remote sellers with annual sales under \$5 million, and requires states to provide software to enable remote sellers to collect and remit their tax.

The Board of Equalization estimates that local governments in California currently lose approximately \$44 per capita in uncollected sales and use tax on e-commerce purchases.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Murrieta This Quarter



**MURRIETA TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	Murrieta Q2 '15*	Change	County Change	HdL State Change
Auto Repair Shops	63.0	25.6%	11.5%	7.2%
Boats/Motorcycles	— CONFIDENTIAL —	—	7.4%	6.7%
Casual Dining	121.9	8.1%	12.4%	6.6%
Contractors	80.4	19.6%	12.7%	8.4%
Discount Dept Stores	— CONFIDENTIAL —	—	-1.2%	0.0%
Electronics/Appliance Stores	106.8	15.0%	1.6%	-1.7%
Family Apparel	57.9	-5.4%	6.5%	2.9%
Grocery Stores Liquor	172.9	20.7%	7.3%	3.4%
Home Furnishings	168.4	12.7%	6.9%	7.4%
Lumber/Building Materials	210.5	1.7%	5.6%	4.5%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	11.2%	9.3%
Quick-Service Restaurants	196.9	15.5%	11.8%	9.1%
Service Stations	452.8	53.1%	-10.0%	-11.7%
Specialty Stores	92.6	6.9%	-6.3%	5.4%
Trailers/RVs	— CONFIDENTIAL —	—	22.4%	19.1%
<b>Total All Accounts</b>	<b>3,358.1</b>	<b>11.5%</b>	<b>3.0%</b>	<b>2.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>382.6</b>	<b>17.3%</b>	<b>8.4%</b>	<b>11.8%</b>
<b>Gross Receipts</b>	<b>3,740.7</b>	<b>12.0%</b>	<b>3.5%</b>	<b>3.8%</b>