

Q3 2015



City of Murrieta Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2015)

Murrieta In Brief

Murrieta's receipts from July through September were 2.3% above the third sales period in 2014.

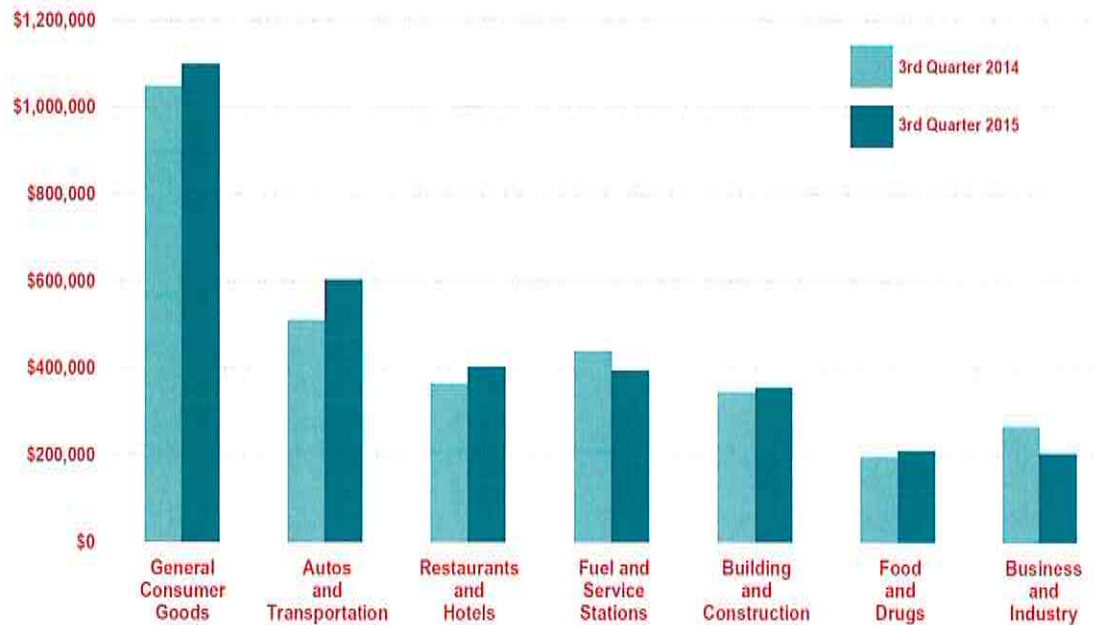
The city experienced a strong sales quarter for autos and transportation. New additions helped boost revenue for specialty stores. Home furnishings showed solid gains when compared to year-ago returns. A new grocery store contributed to the growth in grocery stores with liquor.

Lower gas prices were responsible for the drop for fuel and service stations. A misallocated payment exaggerated the drop in office equipment.

The city's share of the countywide use tax pool dropped 5.7% over the comparison period.

Net of aberrations, taxable sales for all of Riverside County grew 3.1% over the comparable time period; the Southern California region was up 3.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS IN ALPHABETICAL ORDER

7 Eleven	Lowes
Albertsons	Mor Furniture For Less
Arco AM PM	Ralphs
Best Buy	Ross
BMW of Murrieta	Sams Club
Chevron	Shell
Circle K	Target
Financial Services Vehicle Trust	Temecula Motorsports
Giant Inland Empire RV Center	Tesoro Refining & Marketing
Home Depot	Toys R Us
Jeromes Furniture Warehouse	Volkswagen of Murrieta
Kalmia Gas Mart	Walmart
Kohls	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$6,180,411	\$6,628,781
County Pool	703,277	737,698
State Pool	4,436	3,387
Gross Receipts	\$6,888,124	\$7,369,866
Less Triple Flip*	\$(1,722,031)	\$(1,842,467)

*Reimbursed from county compensation fund

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter were up 2.4% over last year's comparable quarter after adjusting for payment aberrations.

New and used auto sales and leases continued to exhibit solid gains and were the primary contributor to the quarter's statewide growth. The countywide allocation pools were the second largest contributors to the overall gain, boosted by increased online sales activity. The state's travel and tourism industry contributed to a robust increase in receipts from restaurants and hotels. Recovering building and construction activity was also significant with an 8.6% increase over the comparison period.

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

Overall performance was similar throughout most regions of the state, however the effect of lower fuel prices significantly dampened results in portions of the San Joaquin Valley.

Online Retail Sales Continue to Outpace Brick & Mortar Stores

Fourth quarter tax results will not be available until March but preliminary reports indicate holiday purchases from some brick and mortar stores are flat or down from 2014, while the volume of online shopping has set new records.

Although stores are not in danger of disappearing, the trend has many retail chains considering long-term plans for smaller "showroom" units with less square footage, employees, and in-store inventory.

HdL's statewide sales tax database for the first three quarters of 2015 shows that online orders for general consumer goods rose 17.6% over the first three quarters of 2014, while the overall sales gains at brick and mortar stores grew a modest 2.2%.

New Restrictions on Tax Sharing Agreements

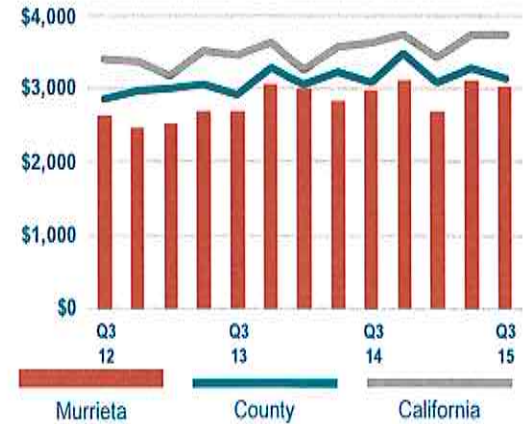
Tax rebates are subject to additional restrictions and reporting requirements in 2016.

Newly adopted Government Code Section 53084.5 prohibits tax sharing agreements that reduce another agency's sales tax if the business generating the tax continues to maintain a physical presence in the losing agency's jurisdiction.

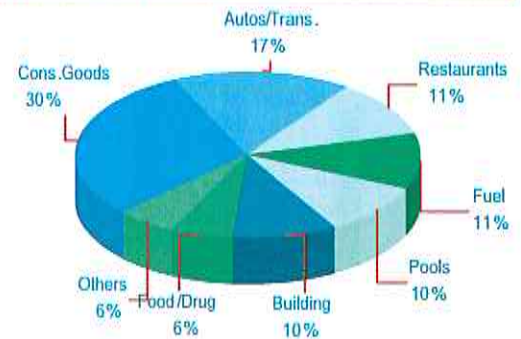
The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial statements with periods beginning after December 15, 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Murrieta This Quarter



MURRIETA TOP 15 BUSINESS TYPES

**In thousands of dollars*

Business Type	Murrieta Q3 '15*	Murrieta Change	County Change	HdL State Change
Auto Repair Shops	62.0	15.5%	16.2%	6.3%
Boats/Motorcycles	— CONFIDENTIAL —	—	3.9%	11.6%
Casual Dining	117.0	1.9%	5.2%	5.5%
Contractors	79.2	1.6%	10.4%	12.9%
Discount Dept Stores	— CONFIDENTIAL —	—	2.7%	2.1%
Electronics/Appliance Stores	112.0	9.1%	7.7%	3.9%
Family Apparel	55.6	-2.5%	4.5%	2.2%
Grocery Stores Liquor	139.3	11.1%	11.0%	3.8%
Home Furnishings	174.8	7.1%	7.3%	5.1%
Lumber/Building Materials	211.2	10.6%	8.4%	6.7%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	11.1%	8.2%
Quick-Service Restaurants	202.5	6.2%	6.7%	6.7%
Service Stations	369.5	-10.3%	-9.1%	-11.8%
Specialty Stores	95.5	8.5%	11.3%	5.7%
Trailers/RVs	— CONFIDENTIAL —	—	25.9%	21.4%
Total All Accounts	3,270.6	3.3%	2.6%	2.3%
County & State Pool Allocation	358.5	-6.1%	-6.6%	3.5%
Gross Receipts	3,629.2	2.3%	1.6%	2.4%