

# Q4 2015



# City of Murrieta Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (October - December 2015)

## Murrieta In Brief

Murrieta's receipts from October through December were 8.6% above the fourth sales period in 2014. Excluding aberrations, actual sales were up 4.3%.

A large onetime adjustment that depressed the countywide use tax pool in the comparison quarter contributed to a 62.7% increase in the City's allocation from the pool and was a major factor in the variance between cash receipts and actual sales. Local business activity was strong with most sectors up.

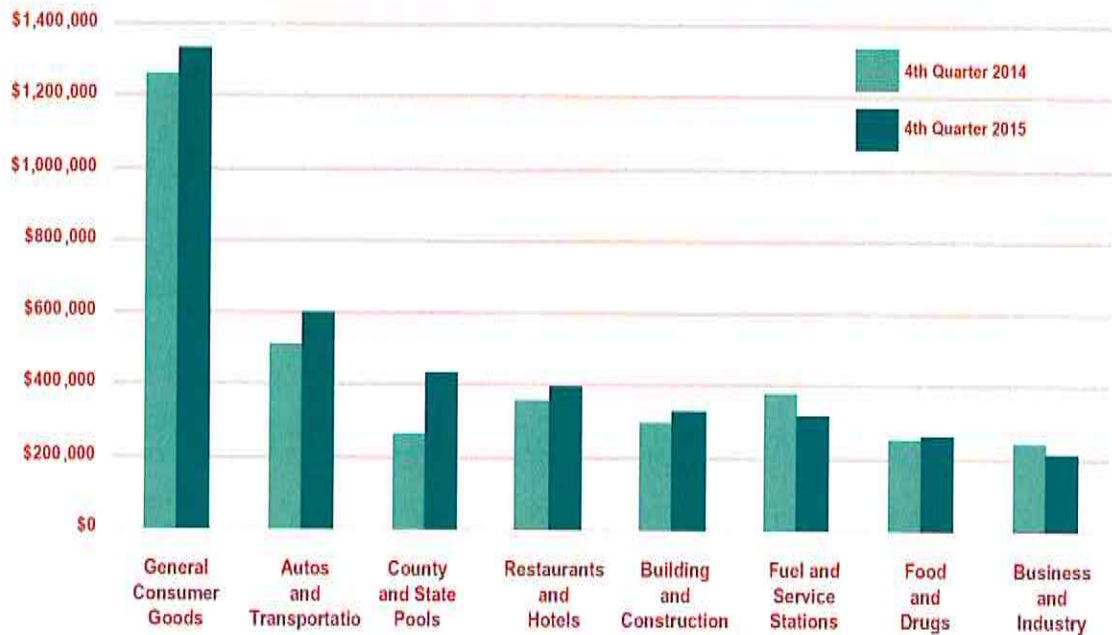
Higher sales from multiple dealerships and new outlets boosted the automotive sector. Similarly, gains from multiple retail categories resulted in growth in general consumer goods that was double regional and statewide trends. A new outlet and higher sales from existing quick-service eateries lifted the restaurant group.

Lumber and building materials, contractors, drug stores and grocery stores posted solid returns.

The gains were partially offset by continued lower gas prices, a business closeout, and a sharp drop in sales from one company in the business-industry group.

Net of aberrations, taxable sales for all of Riverside County grew 2.9% over the comparable time period; the Southern California region was up 2.2%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Mor Furniture For Less
Albertsons	Murrieta Hot Springs Shell
Bed Bath & Beyond	Ralphs
Best Buy	Ross
BMW of Murrieta	Sams Club
Burlington Coat Factory	Target
Chevron	Temecula Motorsports
Financial Services Vehicle Trust	Tesoro Arco
Giant Inland Empire RV Center	Tesoro Refining & Marketing
Home Depot	Toys R Us
Jeromes Furniture Warehouse	Volkswagen of Murrieta
Kohls	Walmart
Lowes	

### REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$9,490,158	\$10,076,267
County Pool	964,703	1,162,974
State Pool	7,905	11,092
Gross Receipts	\$10,462,766	\$11,250,333
Less Triple Flip*	\$(2,615,691)	\$(2,812,583)

\*Reimbursed from county compensation fund

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**California Overall**

Excluding accounting aberrations, local sales and use tax receipts from the fourth quarter of 2015 ended 2.6% above 2014's holiday quarter.

Solid returns for autos, RVs, building materials and most categories of restaurants were the primary contributors to the statewide increase. The growth in online shopping for merchandise shipped from out-of-state continued to raise countywide use tax allocation pool revenues.

The gains were largely offset by a 13.2% drop in tax receipts from service stations and other fuel-related expenditures. Except for value price clothing and shoes, most categories of general consumer goods were flat or down, reflecting heavy price discounting to reduce excess holiday inventories and the impact of the strong dollar on international tourist spending.

With some exceptions, particularly in the areas of computers and agricultural chemicals, overall receipts from business and industrial expenditures were also down primarily due to cutbacks in capital spending by energy producers and manufacturers of exported goods, equipment and raw materials.

Intense competition and price pressures resulted in only modest gains in receipts from grocers and pharmacists with the largest increase in this group coming from liquor stores and marijuana dispensaries.

HdL's most recent economic consensus forecast anticipates similar modest gains through 2016 with an eventual peak in auto sales replaced by strong sales of building and construction materials for home improvement and new housing. A recovery in tax receipts from fuel is not expected until the end of the year.

**The Triple Flip Is Over!**

Beginning with taxes collected in January and forward, local governments will again receive their full share of Bradley-Burns sales and use tax reve-

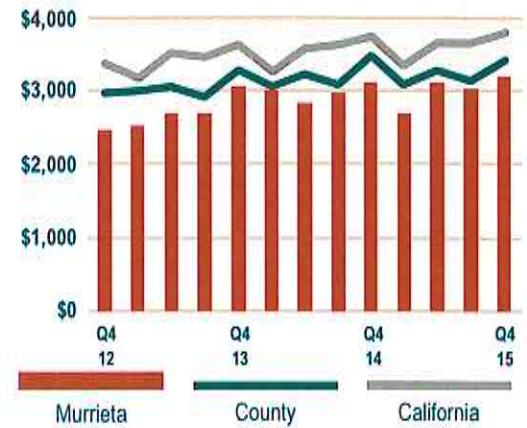
nues thus ending an eleven-year program known as the Triple Flip.

The program began in 2004 when voters approved a \$15 billion bond issue to cover operating deficits resulting from a combination of that year's economic downturn plus failure to offset the loss of revenue from the Governor's popular reduction in the 65-year-old, 2% Motor Vehicle In-Lieu Tax.

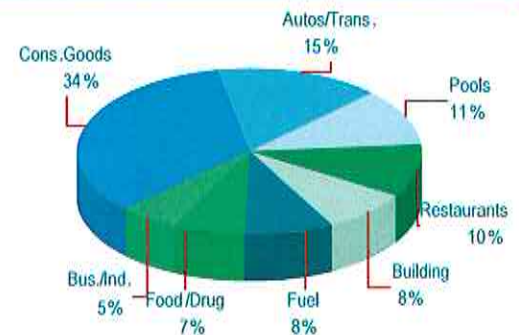
The State retained 25% of local sales tax to guarantee the bonds, reimbursed local governments from monies meant for schools and replaced the money taken from schools with state general funds thus creating what became known as the Triple Flip. The financing scheme resulted in interest payments totaling \$4.8 billion, plus another \$200 million in administrative fees while creating new budget challenges for local governments.

It also resulted in voter passage of constitutional amendment Proposition 1A that bars state tampering with local sales and use tax revenues in the future.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Murrieta This Quarter



**MURRIETA TOP 15 BUSINESS TYPES**

Business Type	<i>*In thousands of dollars</i>			
	Murrieta Q4 '15*	Murrieta Change	County Change	HdL State Change
Boats/Motorcycles	— CONFIDENTIAL —	—	-2.3%	8.7%
Casual Dining	128.0	5.1%	4.9%	6.1%
Contractors	75.2	9.8%	17.7%	11.0%
Department Stores	— CONFIDENTIAL —	—	0.6%	-0.5%
Discount Dept Stores	— CONFIDENTIAL —	—	3.0%	3.0%
Electronics/Appliance Stores	161.6	9.1%	2.7%	0.6%
Family Apparel	75.8	17.0%	2.7%	4.0%
Grocery Stores Liquor	182.2	2.9%	8.0%	0.5%
Home Furnishings	174.2	2.8%	1.3%	2.0%
Lumber/Building Materials	187.1	6.2%	17.8%	10.0%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	8.2%	7.9%
Quick-Service Restaurants	210.3	19.3%	8.9%	7.8%
Service Stations	306.9	-13.0%	-5.1%	-10.5%
Specialty Stores	134.9	6.8%	4.6%	4.2%
Trailers/RVs	— CONFIDENTIAL —	—	10.3%	23.3%
<b>Total All Accounts</b>	<b>3,447.5</b>	<b>4.2%</b>	<b>-0.4%</b>	<b>2.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>433.0</b>	<b>63.5%</b>	<b>56.2%</b>	<b>10.8%</b>
<b>Gross Receipts</b>	<b>3,880.5</b>	<b>8.6%</b>	<b>3.8%</b>	<b>3.5%</b>