

# Q3 2019



# City of Murrieta Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2019)

## Murrieta In Brief

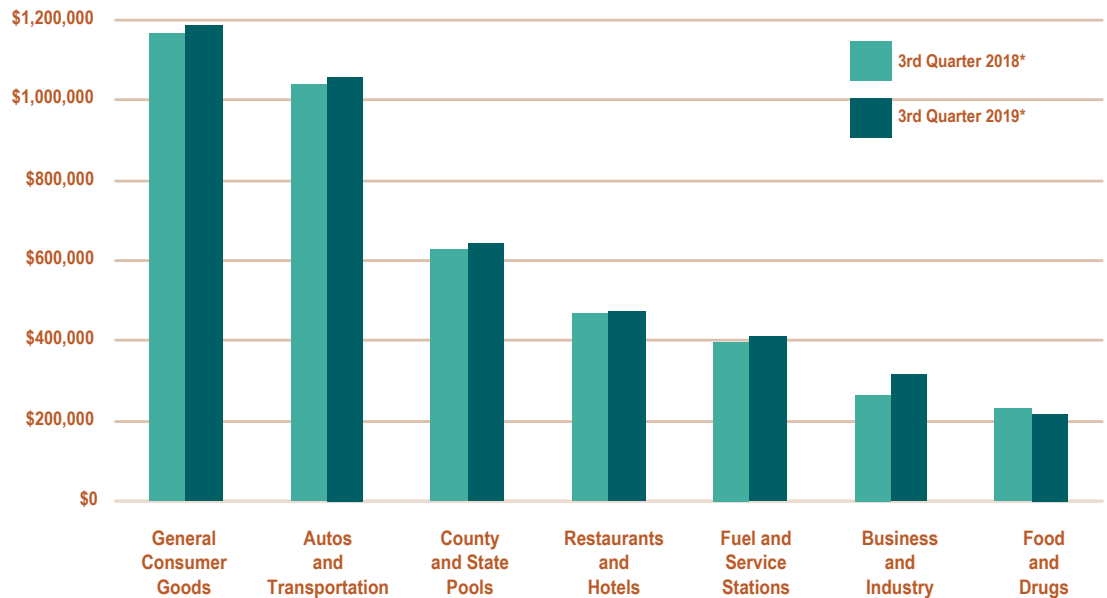
Murrieta's allocation of sales and use tax from its July through September sales was 13.5% lower than the third quarter of 2018. However, last year's comparable quarter was inflated by late back payments related to problems with the state's transition to a new computer system. Receipts were up 3.2% after these and other accounting anomalies are factored out.

A solid quarter for contractor supplies and purchases within the medical-biotech category were the largest contributors to the actual increase. A rise in the countywide use tax allocation pool caused by the acceleration in online shopping for merchandise shipped from out-of-state was also a major factor.

Voter-approved Measure T added \$4,387,455 to the above reviewed amounts. The largest contributors to this source came from purchases of new autos, building materials and at discount department stores.

Adjusted for aberrations, sales and use tax receipts for all of Riverside County rose 4.5% over the comparable time period while the Southern California region as a whole, was up 2.8%.

## SALES TAX BY MAJOR BUSINESS GROUP



\*Allocation aberrations have been adjusted to reflect sales activity

### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Loma Linda Mercantile
Abramovich Motors	Lowes
Ashley Furniture	Ralphs Marketplace
Best Buy	Robertsons Ready Mix
BMW Of Murrieta	Ross
Carmax	Sams Club w/ Fuel
Chevron	Shell
Circle K	Shell/Arco AM PM
Dick's Sporting Goods	Target
Giant Rv	Temecula Motorsports
Home Depot	Volkswagen of Murrieta
Jeromes Furniture Warehouse	Walmart
Kohls	

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date (Q3)

	2018-19	2019-20
Point-of-Sale	\$4,860,135	\$4,247,115
County Pool	776,525	629,280
State Pool	2,547	1,669
<b>Gross Receipts</b>	<b>\$5,639,208</b>	<b>\$4,878,065</b>
Measure T	\$0	\$4,582,736

**Statewide Results**

The local one-cent share of statewide sales and use tax from sales occurring July through September was 2.2% higher than the summer quarter of 2018 after adjusting for accounting anomalies.

The bulk of the increase came from the countywide use tax allocation pools and is due to the acceleration in online shopping where a large volume of the orders are shipped from out-of-state.

Online shopping also produced gains in the business-industrial group with in-state industrial zoned logistics centers filling orders previously taken by brick and mortar retailers. Purchases to support healthcare, food processing, logistics/warehouse operations and information/data technology also helped offset declines in other business-related categories.

With the exception of some discount and value-oriented retail, most categories of general consumer goods were down. New cannabis related start-ups offset declines in the food and drug group while a softening in building-construction receipts was consistent with recent declines in the volume and value of new building permit issuances.

Overall growth in restaurant receipts continued to soften with a shift toward lower cost dining establishments and takeout meal options. Reports of labor shortages and the impact of homelessness on customer traffic in metropolitan areas were reportedly factors in the decline in tax revenues from higher price, fine dining establishments.

Despite a slight uptick in used auto and auto lease receipts, the auto related group was significantly down due to a drop in new car and RV sales. Previously propped up by a 23% subprime rated customer base and six- and seven-year financing, loan delinquencies have recently surged back to levels last seen in 2009.

**Additional Tax Districts Approved**

Voters approved eight of the nine sales

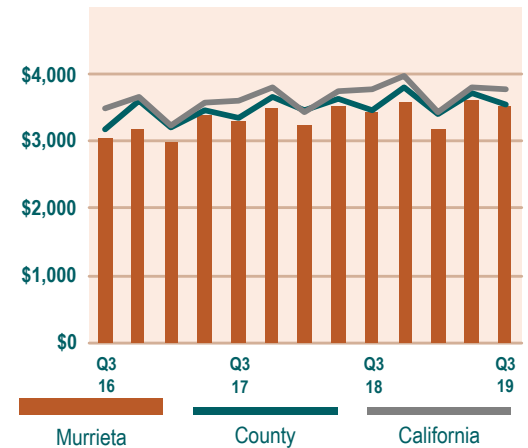
tax measures on the November 2019 ballot adding six new districts and extending two others.

This brings the total number of local transactions and use tax districts (TUT's) to 325 with 62 that are levied countywide and 263 imposed by individual cities. The number of local districts have close to tripled over the last decade as agencies deal with rising costs and service needs. TUT's have been a favorable option as visitors contribute to the tax and a collection system is already in place that minimizes administrative and monitoring costs.

California's basic rule is that the rate for all local TUT's combined, shall not exceed 2.0% or a total of 9.25% including the state levy. However, the state legislature has authorized higher caps in some jurisdictions with the highest voter-approved, combined state/local rate now at 10.5%.

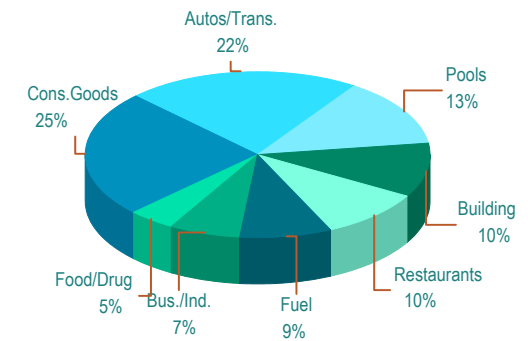
Thirty-five or more additional local TUT measures are currently being considered for the March 2020 ballot.

**SALES PER CAPITA\***



\*Allocation aberrations have been adjusted to reflect sales activity

**REVENUE BY BUSINESS GROUP  
Murrieta This Quarter\***



\*Allocation aberrations have been adjusted to reflect sales activity

**MURRIETA TOP 15 BUSINESS TYPES\*\***

Business Type	*In thousands of dollars			
	Murrieta Q3 '19*	Change	County Change	HdL State Change
Boats/Motorcycles	— CONFIDENTIAL —	—	-1.7%	1.7%
Building Materials	288.2	0.7%	12.2%	0.2%
Casual Dining	162.7	5.1%	2.5%	2.3%
Contractors	139.9	17.7%	1.7%	2.5%
Discount Dept Stores	— CONFIDENTIAL —	—	5.2%	2.8%
Electronics/Appliance Stores	113.8	-3.4%	-1.4%	-3.1%
Family Apparel	97.4	7.8%	3.9%	1.5%
Grocery Stores	138.6	-1.6%	1.2%	1.7%
Home Furnishings	198.9	4.3%	1.1%	-1.0%
Medical/Biotech	87.8	197.7%	11.0%	6.6%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	1.5%	-7.2%
Quick-Service Restaurants	236.9	-0.9%	4.9%	2.6%
Service Stations	411.4	4.0%	1.7%	-1.5%
Trailers/RVs	— CONFIDENTIAL —	—	0.3%	-3.7%
Used Automotive Dealers	— CONFIDENTIAL —	—	2.2%	2.1%
<b>Total All Accounts</b>	<b>4,164.8</b>	<b>3.3%</b>	<b>4.0%</b>	<b>0.3%</b>
<b>County &amp; State Pool Allocation</b>	<b>643.8</b>	<b>2.2%</b>	<b>7.5%</b>	<b>14.9%</b>
<b>Gross Receipts</b>	<b>4,808.7</b>	<b>3.2%</b>	<b>4.5%</b>	<b>2.3%</b>

\*\* Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.