

# Q4 2013



# City of Menifee Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (October - December 2013)

## Menifee In Brief

Receipts for Menifee's October through December sales were 21.1% higher than the same quarter one year ago. Actual sales activity was up 5.2% when reporting aberrations were factored out.

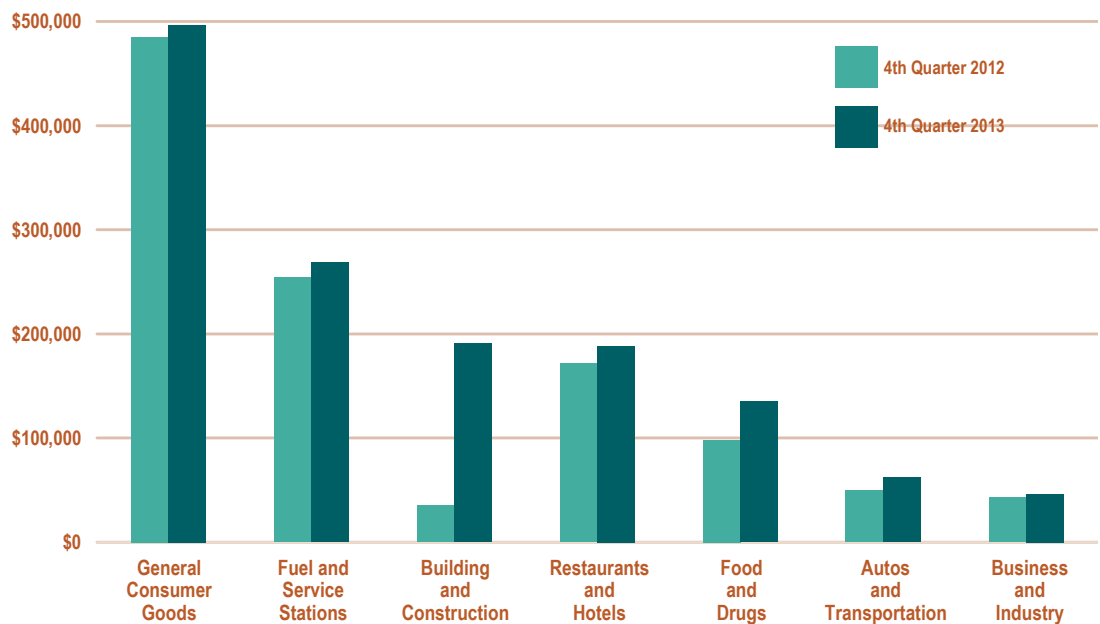
Payment aberrations in building and construction continued to skew that group's and overall results. Nonetheless, the group's actual sales posted strong gains. Food and drugs results were also inflated due to payment anomalies in the grocery stores/liquor category in the current and prior year's quarter. Fuel and service stations posted a gain due to positive fund transfer in the current quarter. Absent that transfer adjusted results were down consistent with statewide trends.

Autos and transportation posted a large increase and restaurants and hotels experienced a very solid quarter with quick service, fast casual, and fine dining leading the way. Repair shops/equipment rentals help lift business and industry, while general consumer goods posted a modest gain consistent with statewide trends.

The city's allocation from the countywide use tax pool increased 13.4% during the quarter.

Adjusted for aberrations, taxable sales for all of Riverside County increased 5.2% over the comparable time period, while the Southern California region as a whole was up 2.7%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Apro	Michaels Arts & Crafts
Arco AM PM	Ralphs
Best Buy	Richardsons Auto & RV Sales
BJs Restaurant & Brewhouse	Rite Aid
Chevron	Ross
Circle K	Stater Bros
Euramax International	Sun City Chevron
Kohls	Target
Living Spaces	Tesoro Refining & Marketing
Lowe's	Texas Roadhouse
McDonalds	TJ Maxx
Menifee Car Wash	Walgreens
Menifee Mart	

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$3,454,286	\$3,697,686
County Pool	397,371	399,508
State Pool	1,632	2,191
<b>Gross Receipts</b>	<b>\$3,853,290</b>	<b>\$4,099,385</b>
Less Triple Flip*	\$(963,322)	\$(1,024,846)

\*Reimbursed from county compensation fund

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**Statewide Results**

Excluding accounting anomalies, the local share of sales and use tax receipts from California's 2013 holiday spending rose 3.4% over the fourth quarter of 2012.

Auto sales and leases and all categories of building and construction materials were substantially up over the previous year while tourism and convenience-driven consumer demand continued to produce healthy gains in restaurant related revenues.

Sales of luxury goods and portable electronics did particularly well while cut backs in food stamp programs and unemployment benefits reduced spending at discount department stores and many value oriented retailers. Generally, the gains in sales from online purchases were higher than for brick and mortar stores.

Rising fuel efficiency resulted in lower receipts from service stations and petroleum supply companies while a slowing pace in solar and alternate energy development reduced use tax receipts from the business/industrial segment.

Spending patterns were fairly consistent throughout most regions.

**E-Commerce Spending Up**

Tax receipts from holiday spending on general consumer goods at brick and mortar stores grew by 2.3% over last year's comparable quarter while local tax revenues from online purchases increased 16% and accounted for 10.3% of total general consumer goods sales and use tax receipts.

The rise in online retail shopping accelerates trends that began 20 years ago by sellers of materials and equipment to business and industrial users. Suppliers were able to take advantage of business preferences for the ease

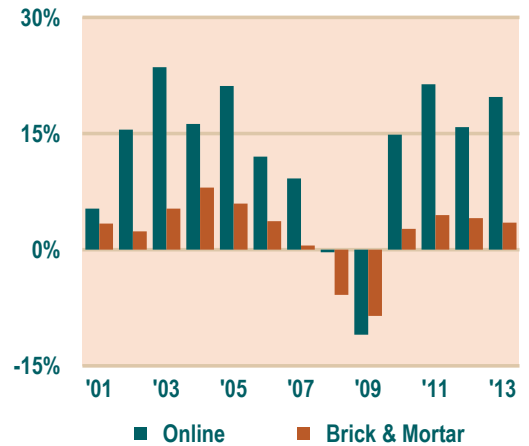
of online ordering by consolidating sales offices and inventories into just a few locations.

However, it was not until social networking and growth in the use of mobile devices that the general public became fully comfortable with online purchasing. Retail analysts expect the trend to expand and every major retailer is testing new concepts to reduce store size and overhead costs by driving more of their sales to centralized web-based order desks.

New technology, recent court decisions and legislative exemptions are constantly reducing what is taxable and has substantially altered the base on which the tax was created in 1933. The concentration of business supplies and now consumer goods into fewer and larger "points of sale" has accelerated competition for what is becoming a diminishing resource. Local governments are now bidding rebates up to 85% of the local tax collected in exchange for location of order desks.

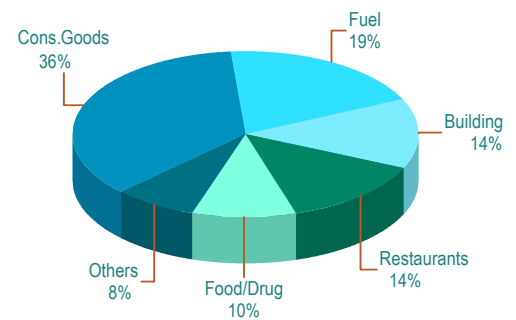
**ONLINE VS. BRICK & MORTAR**

Year-Over-Year Percent Growth



**REVENUE BY BUSINESS GROUP**

Menifee This Quarter



**MENIFEE TOP 15 BUSINESS TYPES**

Business Type	*In thousands			
	Menifee Q4 '13*	Menifee Change	County Change	HdL State Change
Casual Dining	56.3	2.9%	3.9%	6.4%
Contractors	36.9	19.0%	22.0%	15.1%
Department Stores	— CONFIDENTIAL —	—	1.7%	1.4%
Discount Dept Stores	— CONFIDENTIAL —	—	0.6%	0.2%
Drug Stores	39.4	14.2%	4.2%	2.5%
Electronics/Appliance Stores	95.8	-2.8%	1.1%	-0.6%
Family Apparel	77.0	-1.6%	4.2%	6.3%
Grocery Stores Liquor	77.7	64.2%	68.1%	38.8%
Home Furnishings	— CONFIDENTIAL —	—	10.4%	7.9%
Lumber/Building Materials	— CONFIDENTIAL —	—	371.0%	263.1%
Quick-Service Restaurants	89.6	11.1%	6.0%	7.9%
Repair Shop/Equip. Rentals	22.1	4.7%	0.7%	14.1%
Service Stations	267.3	5.9%	2.2%	-2.8%
Specialty Stores	27.9	13.3%	10.0%	7.0%
Trailers/RVs	— CONFIDENTIAL —	—	11.5%	29.6%
<b>Total All Accounts</b>	<b>\$1,388.2</b>	<b>22.0%</b>	<b>11.0%</b>	<b>8.7%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$155.8</b>	<b>13.4%</b>	<b>3.1%</b>	<b>9.4%</b>
<b>Gross Receipts</b>	<b>\$1,544.0</b>	<b>21.1%</b>	<b>10.1%</b>	<b>8.8%</b>