

# Q1 2015



# City of Dana Point Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2015)

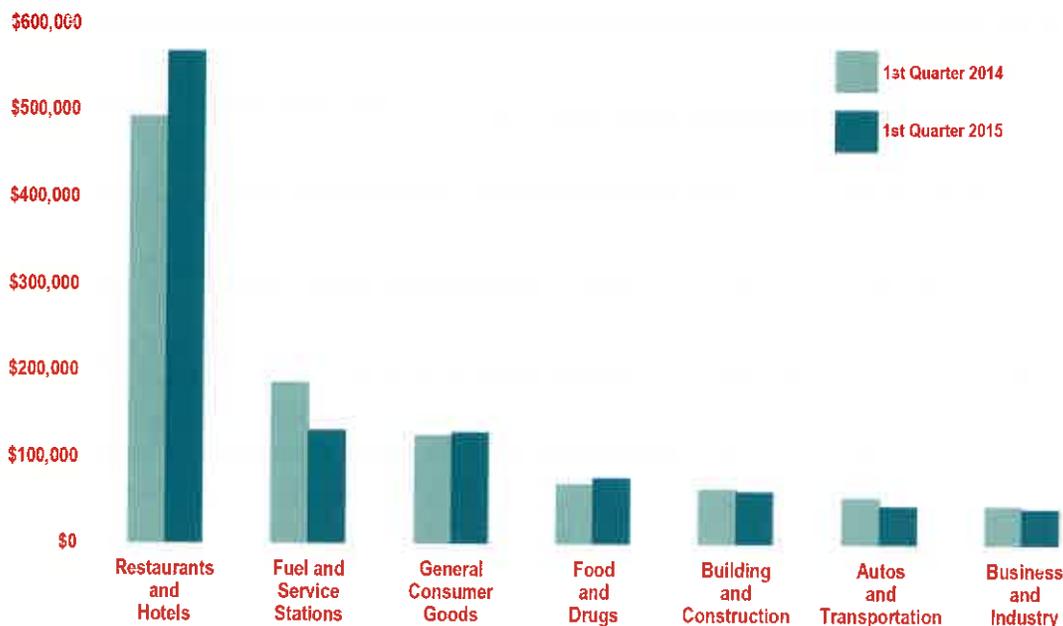
## Dana Point In Brief

Dana Point's allocation of sales and use tax from its January through March sales was 1.4% higher than last year's comparable quarter. Actual sales activity was up 5.2% after accounting adjustments and tax refunds were factored out.

A strong quarter for all categories of restaurants/hotels were the primary contributor to the actual increase in sales activity. Building materials, marine supplies, sporting goods and electronics also exhibited healthy sales gains over the first quarter of 2014. However, these were partially offset by declining fuel prices and a tax refund in the auto/transportation group.

Adjusted for reporting aberrations, sales and use tax receipts for all of Orange County increased 1.9% over the comparable time period while Southern California as a whole was up 3.2%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS IN ALPHABETICAL ORDER

Albertsons	Marriott Laguna Cliffs
AT&T Mobility	Monarch Beach Chevron
Big Five Sporting Goods	Monarch Beach Chevron
Chevron	My Goods Market
Circle K	Ritz Carlton
CVS Pharmacy	Rubens Imports
CVS Pharmacy	Salt Creek Grille
Doubletree at Doheny Beach	Smart & Final
Ganahl Lumber	St Regis Monarch Beach
Gelsons Market	Sun Country Marine
Harbor Grill	Western Emulsions
Hennesseys Tavern	Wind & Sea Restaurant
Jimmys Famous American Tavern	

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$4,499,008	\$4,860,622
County Pool	513,360	577,596
State Pool	2,970	3,202
<b>Gross Receipts</b>	<b>\$5,015,338</b>	<b>\$5,441,420</b>
Less Triple Flip*	\$(1,253,834)	\$(1,360,355)

\*Reimbursed from county compensation fund

NOTES

**California as a Whole**

Local one cent tax receipts from sales occurring January through March rose 3.65% over 2014's comparable quarter after adjusting for reporting anomalies.

An exceptionally strong quarter for auto sales/leases and restaurants was the primary contributor to the overall increase. A rise in building-construction materials was also a factor although much of this growth came from specific office and sports facility projects in Northern California.

Gains from sales of general consumer goods were primarily in value priced clothing, home furnishings and specialty retail which includes pet supplies and cosmetics. Online shopping involving goods shipped from out of state continues to shift a major portion of the growth in general consumer goods to the countywide pools.

The statewide gains were largely offset by a 21% decline in receipts from fuel and service stations.

**Tax on Services**

The Board of Equalization has released an estimate that levying sales and use tax on services would raise over \$122.5 billion in state and local revenues or enough to lower the overall tax rate to under 4%.

Originally imposed in 1933 as a 2 1/2% tax with only three exemptions, the legislature has gradually exempted more and more goods from the sales tax while raising rates to compensate for the corresponding revenue loss. This and the state's shift from a manufacturing to service economy has created the nation's highest sales tax rate on the narrowest basket of goods.

Although more discussion is needed, there is interest in expanding the sales tax to services and lowering the rate to make the tax less regressive and

more competitive while providing greater flexibility in the development of local tax bases.

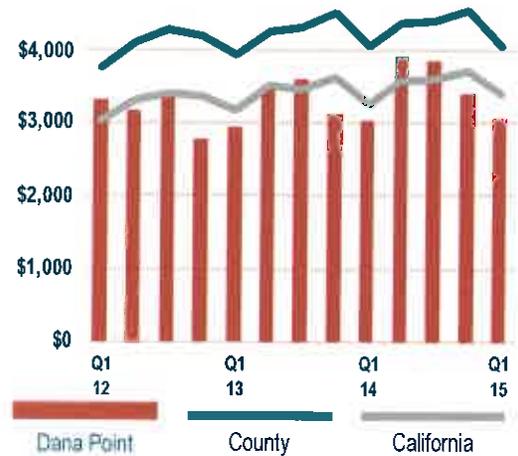
**Tax on Jet Fuel**

The Federal Aviation Administration has ruled that sales taxes on jet fuel must only be used for airport and aviation programs. The rule applies to taxes levied after 1987 but is unclear as to transactions tax districts, Proposition 172 revenues, or revenues collected by jurisdictions without airports. Clarification will not be available until FAA review and approval of a plan that has to be submitted by the state Department of Finance by December 8, 2015.

**Tax on Marijuana**

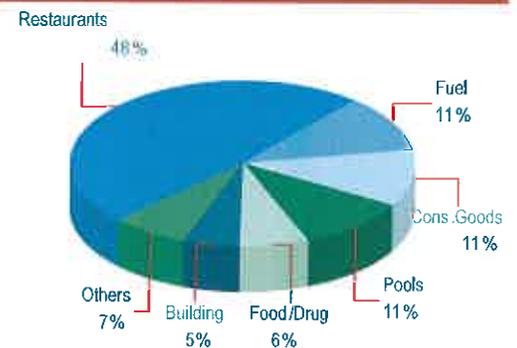
A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE findings are expected by November 2015.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

Dana Point This Quarter



**DANA POINT TOP 15 BUSINESS TYPES**

Business Type	*In thousands			
	Dana Point Q1 '15*	Dana Point Change	County Change	HdL State Change
Boats/Motorcycles	32.5	16.8%	-9.3%	13.3%
Business Services	11.3	-4.5%	17.5%	26.0%
Casual Dining	184.3	8.1%	4.5%	5.5%
Drug Stores	— CONFIDENTIAL —	—	9.3%	10.7%
Electronics/Appliance Stores	19.1	10.5%	3.6%	-0.4%
Fine Dining	35.0	37.9%	15.0%	16.4%
Grocery Stores Liquor	— CONFIDENTIAL —	—	4.4%	5.1%
Hotels-Liquor	277.4	18.0%	14.0%	9.5%
Leisure/Entertainment	10.1	22.5%	1.8%	10.8%
Lumber/Building Materials	52.5	-2.0%	-2.2%	-2.9%
Quick-Service Restaurants	51.6	21.2%	10.3%	10.6%
Service Stations	130.6	-29.5%	-20.0%	-21.9%
Specialty Stores	28.3	6.3%	5.0%	9.9%
Sporting Goods/Bike Stores	39.0	24.9%	8.8%	6.7%
Used Automotive Dealers	— CONFIDENTIAL —	—	14.2%	15.7%
<b>Total All Accounts</b>	<b>\$1,049.3</b>	<b>1.6%</b>	<b>1.3%</b>	<b>3.6%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$124.5</b>	<b>-0.2%</b>	<b>-0.6%</b>	<b>1.1%</b>
<b>Gross Receipts</b>	<b>\$1,173.8</b>	<b>1.4%</b>	<b>1.1%</b>	<b>3.3%</b>