

# Q1 2015



# City of Costa Mesa Sales Tax *Update*

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

## Costa Mesa In Brief

Receipts for Costa Mesa's January through March sales were 7.3% higher than the same quarter one year ago.

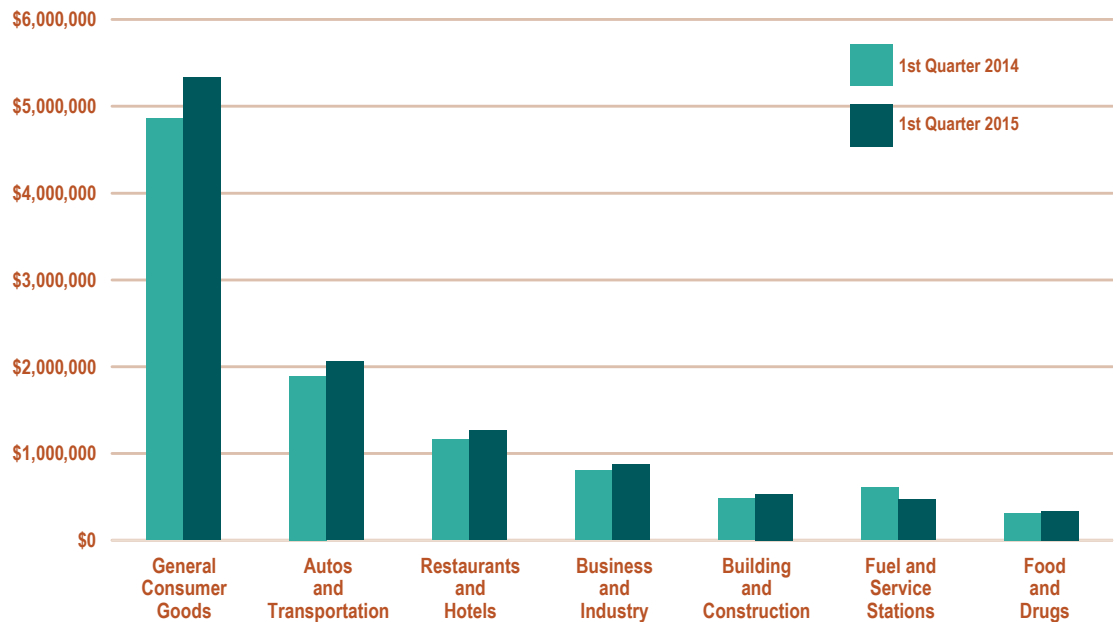
General consumer goods experienced strong sales from multiple categories including department stores, electronics, family apparel, and specialty stores where a new retailer helped boost receipts. In addition, restaurant receipts were lifted in part by new eateries.

Gains from car sales and leases were responsible for the increase from the autos and transportation group. Higher receipts from office supplies were a significant factor in the results from business and industry. Sales increases from contractor supplies, lumber and building materials, and grocery stores also contributed to the city's positive outcome.

Losses from service stations, women's apparel, light industrial supplies, and business services partially offset the gains.

Adjusted for aberrations, taxable sales for all of Orange County increased 1.9% over the comparable time period, while the Southern California region as a whole was up 3.2%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Apple	Louis Vuitton
Autonation Honda	Macys
Best Buy	Nordstrom
Bloomingdales	Orange Coast
Carmax	Chrysler Jeep
Cartier	Dodge
Connell Chevrolet	Saks 5th Ave
Costa Mesa Nissan	Sony Style
Donna Karan	South Coast Subaru
Eurocar	South Coast Toyota
Ganahl Lumber	Target
Hermes	Theodore Robins
Home Depot	Ford
Ikea	Tiffany & Company

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2013-14	2014-15
<b>Point-of-Sale</b>	\$43,622,209	\$46,469,288
<b>County Pool</b>	5,002,635	5,559,381
<b>State Pool</b>	29,070	30,776
<b>Gross Receipts</b>	<b>\$48,653,914</b>	<b>\$52,059,444</b>
<b>Less Triple Flip*</b>	\$ (12,163,478)	\$ (13,014,861)

\*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.

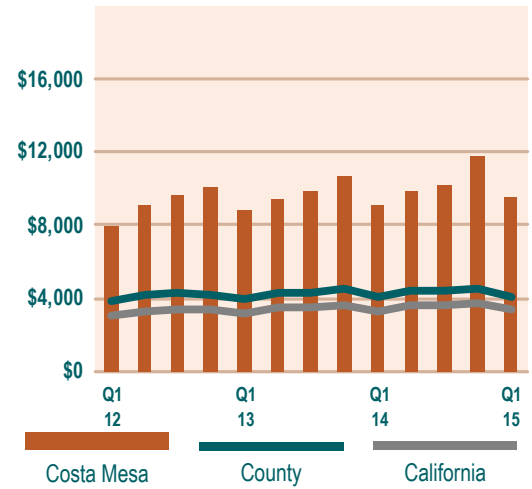
**Tax on Jet Fuel**

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**

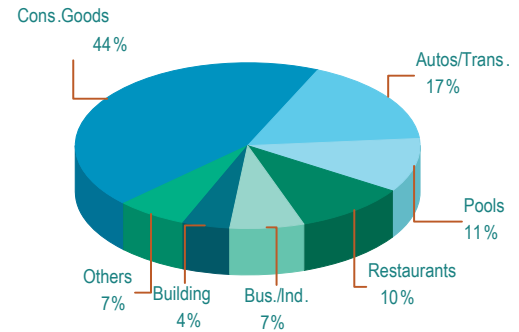
A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE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

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

Costa Mesa This Quarter



**COSTA MESA TOP 15 BUSINESS TYPES**

Business Type	*In thousands			
	Costa Mesa Q1 '15*	Costa Mesa Change	County Change	HdL State Change
Casual Dining	535.4	8.9%	4.4%	5.3%
Department Stores	1,129.0	5.7%	3.0%	2.1%
Electronics/Appliance Stores	585.1	62.4%	3.6%	-0.4%
Family Apparel	967.7	8.5%	11.8%	9.8%
Fine Dining	199.5	7.8%	15.5%	16.9%
Home Furnishings	695.6	13.4%	10.3%	8.2%
Jewelry Stores	452.5	4.9%	2.1%	4.5%
Lumber/Building Materials	291.8	10.1%	-2.2%	-3.0%
New Motor Vehicle Dealers	1,165.5	16.2%	9.0%	11.1%
Quick-Service Restaurants	313.5	17.1%	10.5%	10.7%
Service Stations	466.4	-22.6%	-20.0%	-21.9%
Shoe Stores	204.7	19.6%	8.5%	6.3%
Specialty Stores	364.9	12.6%	5.0%	10.0%
Used Automotive Dealers	594.6	20.7%	14.2%	15.7%
Women's Apparel	423.1	-7.1%	0.8%	1.7%
<b>Total All Accounts</b>	<b>\$10,870.1</b>	<b>7.5%</b>	<b>1.3%</b>	<b>3.6%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$1,289.4</b>	<b>5.5%</b>	<b>-0.6%</b>	<b>1.1%</b>
<b>Gross Receipts</b>	<b>\$12,159.6</b>	<b>7.3%</b>	<b>1.1%</b>	<b>3.3%</b>



# ORANGE COUNTY ALL AGENCIES

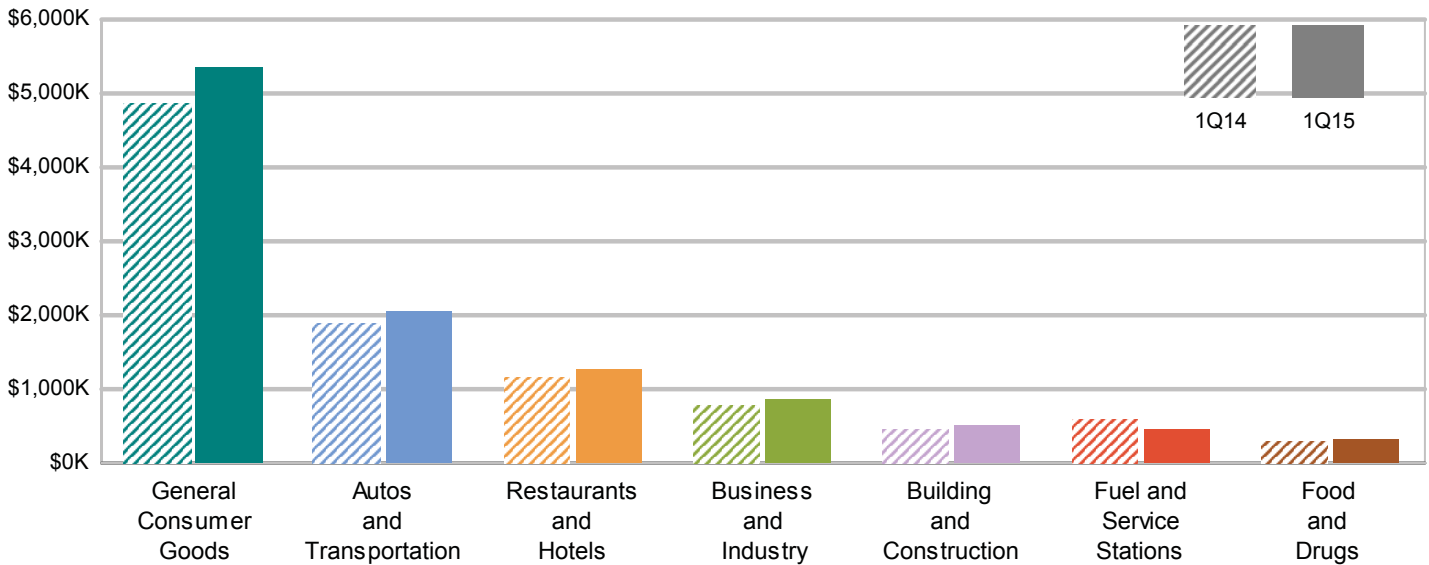
## SALES TAX TRENDS FOR ALL AGENCIES - 1Q 2015 SALES

Agency allocations reflect "point of sale" receipts

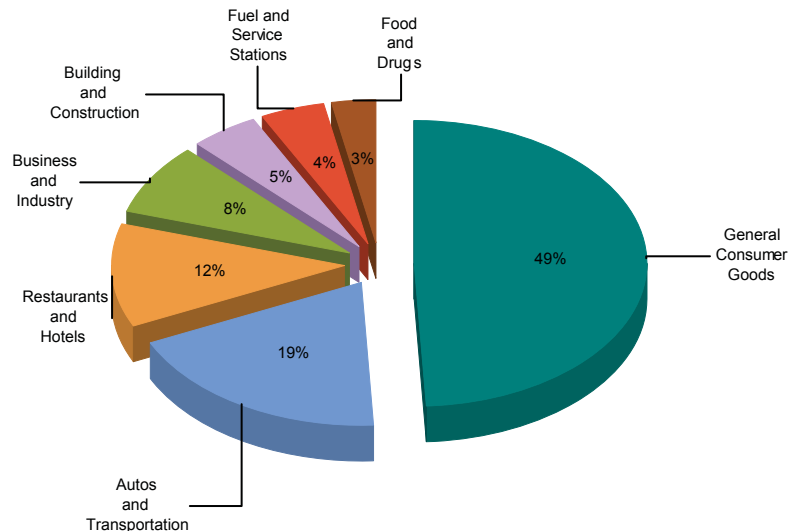
Agency Name	Count	Current Year 1Q 2015	Prior Year 1Q 2014	Share of County Pool	Actual Receipts % Change	Adjusted* % Change
Villa Park	146	30,342	24,803	0.0%	+ 22.3%	+ 17.2%
Orange	5,577	9,074,085	8,019,603	7.1%	+ 13.1%	+ 11.1%
Laguna Beach	2,137	1,064,991	970,383	0.8%	+ 9.7%	+ 9.6%
Newport Beach	4,802	7,291,483	6,687,482	5.7%	+ 9.0%	+ 7.6%
Placentia	1,367	1,372,041	1,231,181	1.1%	+ 11.4%	+ 7.5%
<b>Costa Mesa</b>	<b>13,321</b>	<b>10,870,121</b>	<b>10,114,958</b>	<b>8.5%</b>	<b>+ 7.5%</b>	<b>+ 7.3%</b>
Huntington Beach	9,290	7,553,917	7,269,384	5.9%	+ 3.9%	+ 5.9%
Dana Point	1,578	1,049,299	1,032,271	0.8%	+ 1.6%	+ 5.0%
Anaheim	11,490	15,252,349	14,344,329	11.9%	+ 6.3%	+ 4.8%
San Juan Capistrano	1,607	1,653,055	1,550,023	1.3%	+ 6.6%	+ 4.5%
Garden Grove	4,805	4,408,715	4,259,808	3.4%	+ 3.5%	+ 3.8%
Yorba Linda	1,701	1,315,353	1,671,707	1.0%	- 21.3%	+ 3.5%
Irvine	9,395	12,317,362	12,107,397	9.6%	+ 1.7%	+ 3.2%
Tustin	2,861	4,702,238	4,593,961	3.7%	+ 2.4%	+ 3.1%
Brea	2,770	4,051,277	3,964,805	3.2%	+ 2.2%	+ 2.9%
Santa Ana	8,032	9,436,978	8,991,912	7.4%	+ 4.9%	+ 2.7%
Cypress	3,473	2,568,501	2,730,688	2.0%	- 5.9%	+ 2.5%
San Clemente	2,592	1,574,772	1,581,625	1.2%	- 0.4%	+ 2.0%
Lake Forest	2,671	2,893,387	2,803,855	2.3%	+ 3.2%	+ 1.8%
La Habra	1,643	2,039,490	2,044,829	1.6%	- 0.3%	+ 1.8%
Los Alamitos	734	604,604	628,958	0.5%	- 3.9%	+ 1.4%
Laguna Niguel	2,059	2,334,540	2,237,474	1.8%	+ 4.3%	+ 1.3%
Westminster	2,818	3,376,496	3,047,773	2.6%	+ 10.8%	+ 0.5%
Rancho Santa Margarita	1,303	1,251,513	1,256,269	1.0%	- 0.4%	+ 0.0%
Mission Viejo	2,950	3,477,945	3,490,069	2.7%	- 0.3%	+ 0.0%
Fountain Valley	1,917	2,355,381	2,303,497	1.8%	+ 2.3%	- 0.1%
Laguna Woods	240	198,918	193,059	0.2%	+ 3.0%	- 2.3%
Aliso Viejo	1,237	1,017,703	1,042,083	0.8%	- 2.3%	- 2.8%
Stanton	864	796,915	833,828	0.6%	- 4.4%	- 2.9%
Fullerton	4,359	4,051,772	4,351,946	3.2%	- 6.9%	- 3.2%
Seal Beach	800	835,176	870,167	0.7%	- 4.0%	- 3.6%
Laguna Hills	1,422	1,135,601	1,145,408	0.9%	- 0.9%	- 4.8%
Orange Co. Uninc	2,811	1,311,611	1,723,109	1.0%	- 23.9%	- 13.5%
Buena Park	2,402	4,007,753	6,224,235	3.1%	- 35.6%	- 36.2%
La Palma	359	642,956	942,938	0.5%	- 31.8%	- 43.8%
<b>Totals</b>	<b>117,533</b>	<b>127,918,641</b>	<b>126,285,817</b>	<b>100.0%</b>	<b>+ 1.3%</b>	<b>+ 1.3%</b>
<b>Orange Pool</b>	<b>16,913</b>	<b>15,171,509</b>	<b>15,145,098</b>		<b>+ 0.2%</b>	<b>+ 5.9%</b>

<u>Major Industry Group</u>	<u>Count</u>	<u>1Q15</u>	<u>1Q14</u>	<u>\$ Change</u>	<u>% Change</u>
General Consumer Goods	8,267	5,333,621	4,857,945	475,676	9.8%
Autos and Transportation	850	2,061,261	1,892,135	169,126	8.9%
Restaurants and Hotels	703	1,265,854	1,160,196	105,658	9.1%
Business and Industry	2,932	873,213	803,470	69,743	8.7%
Building and Construction	294	533,598	478,191	55,406	11.6%
Fuel and Service Stations	46	468,775	605,754	(136,979)	-22.6%
Food and Drugs	227	333,502	316,533	16,969	5.4%
Transfers & Unidentified	2	297	734	(437)	-59.6%
<b>Total</b>	<b>13,321</b>	<b>10,870,121</b>	<b>10,114,958</b>	<b>755,163</b>	<b>7.5%</b>

**1Q14 Compared To 1Q15**



**1Q15 Percent of Total**



Sales Tax by Major Industry Group

**General Consumer Goods**

Count: 8,267

**Autos And Transportation**

Count: 850

**Restaurants And Hotels**

Count: 703

**Business And Industry**

Count: 2,932

**Building And Construction**

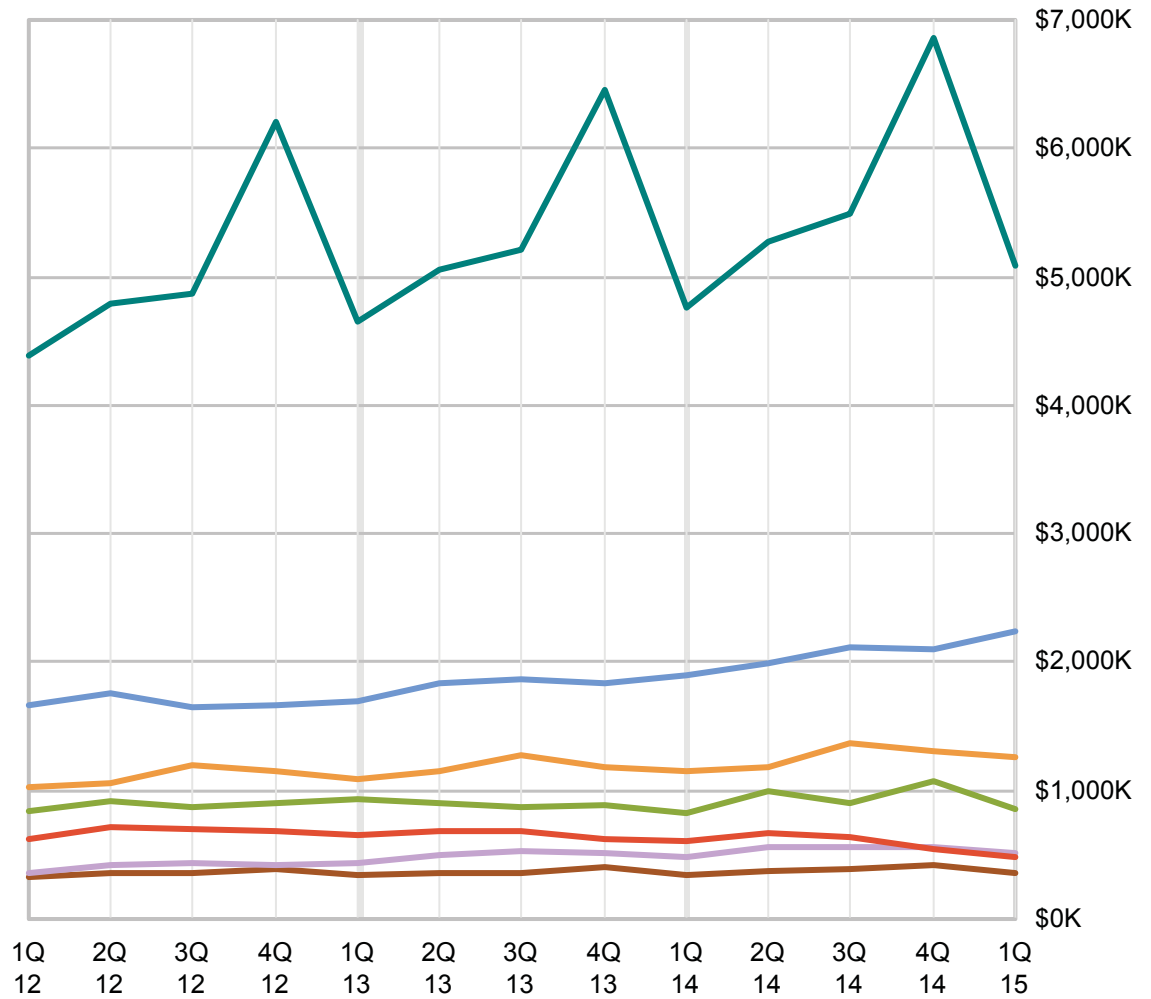
Count: 294

**Fuel And Service Stations**

Count: 46

**Food And Drugs**

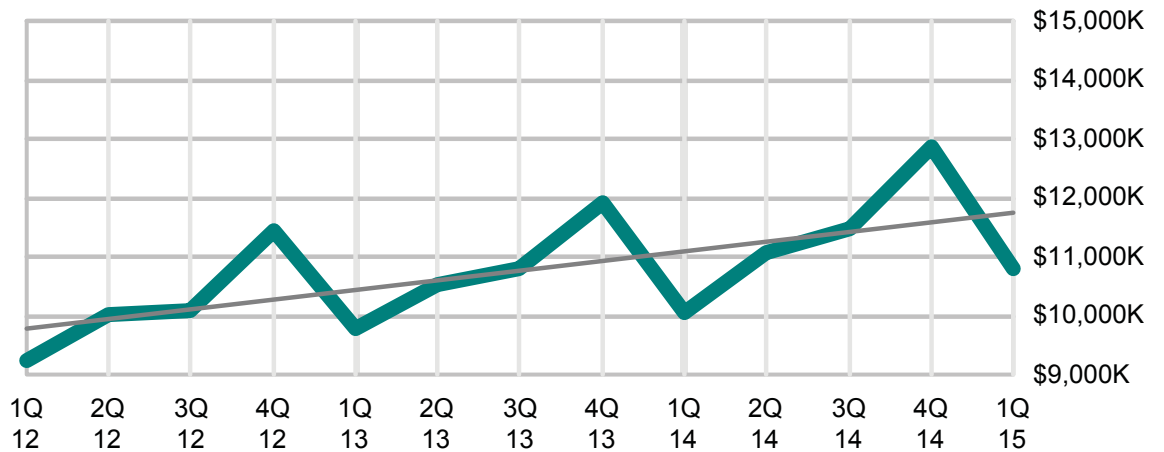
Count: 227



Agency Trend

**Costa Mesa**

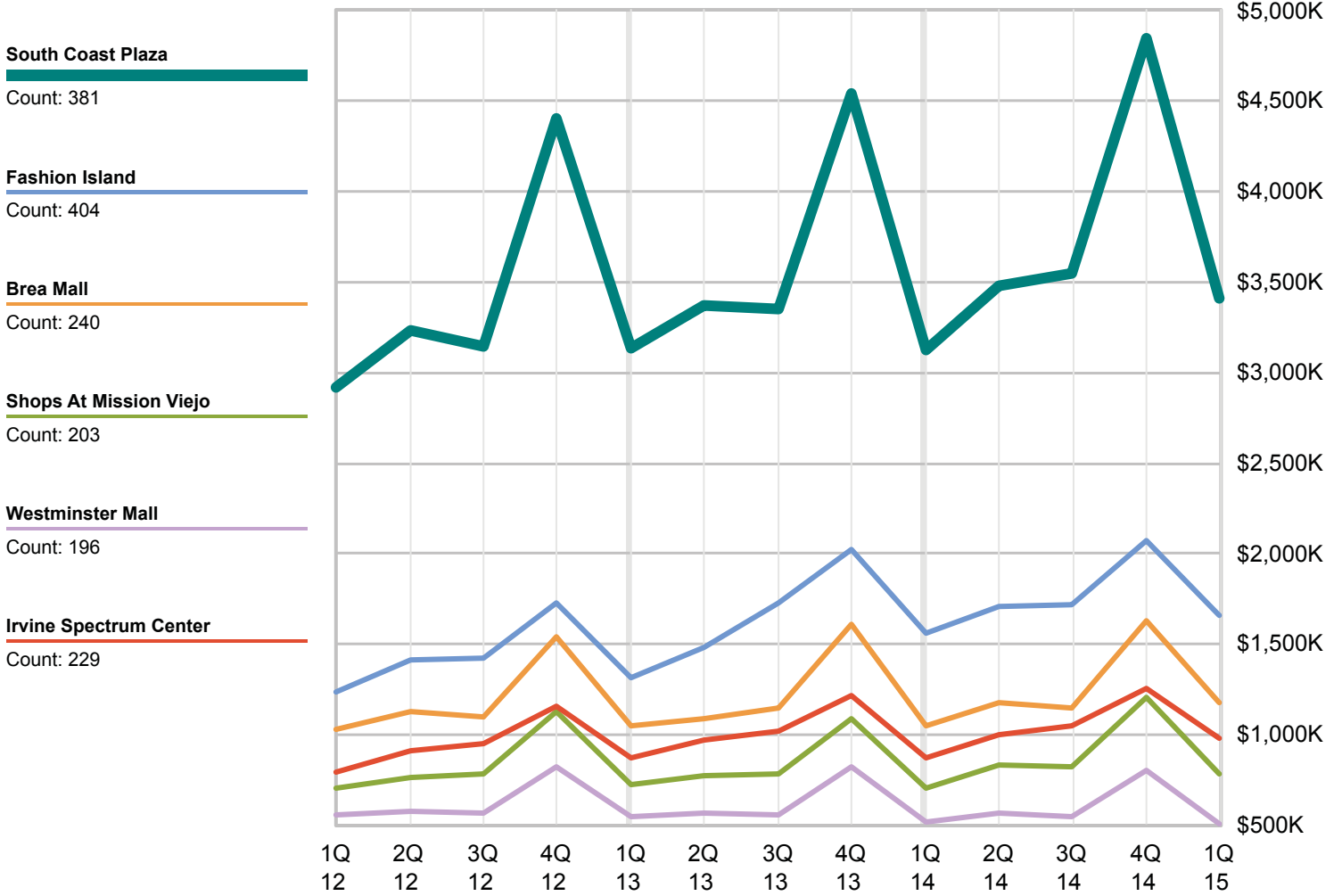
13 Quarter Trend: +20.2%



Periods shown reflect the period in which the sales occurred - Point of Sale

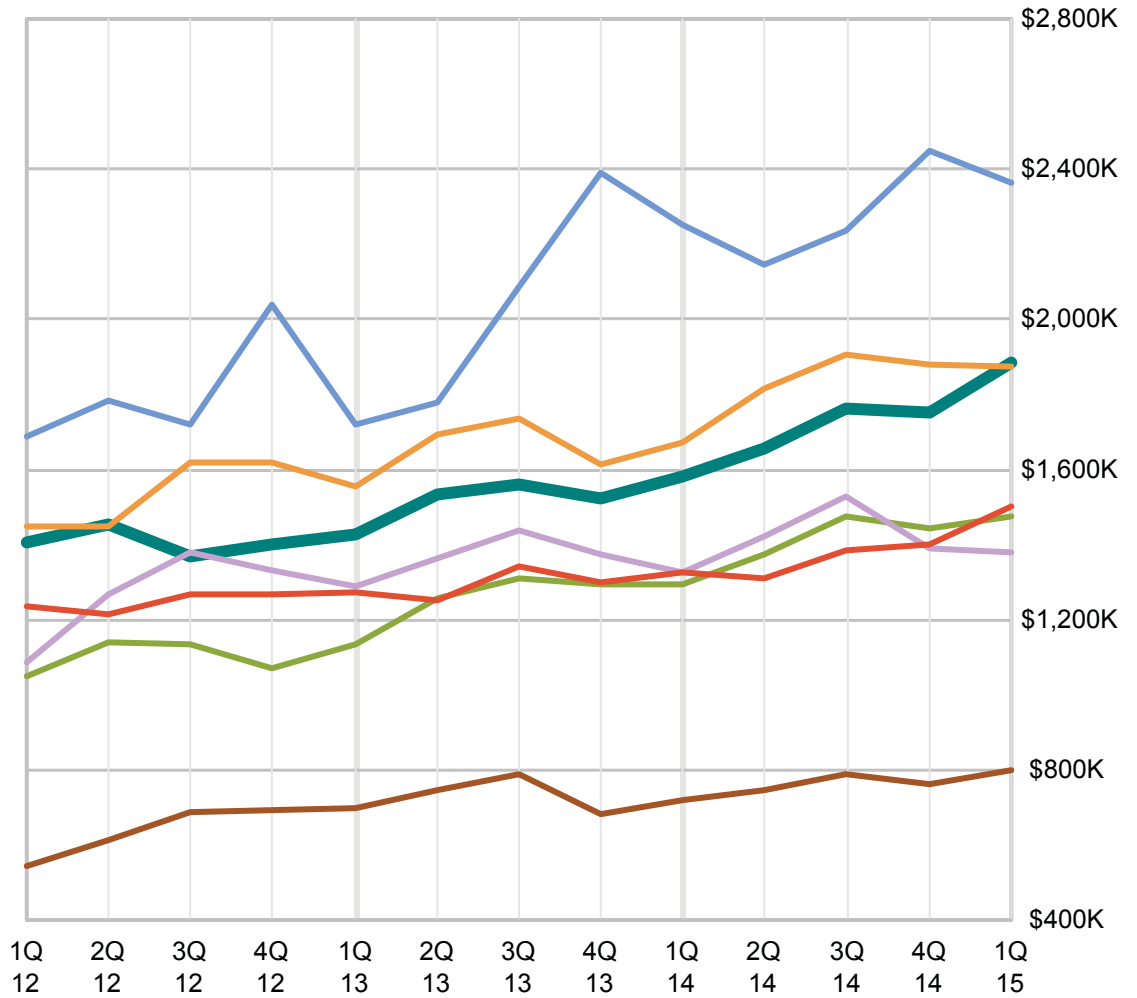
Geo areas

Sales Tax by Geographic areas



Periods shown reflect the period in which the sales occurred - Point of Sale

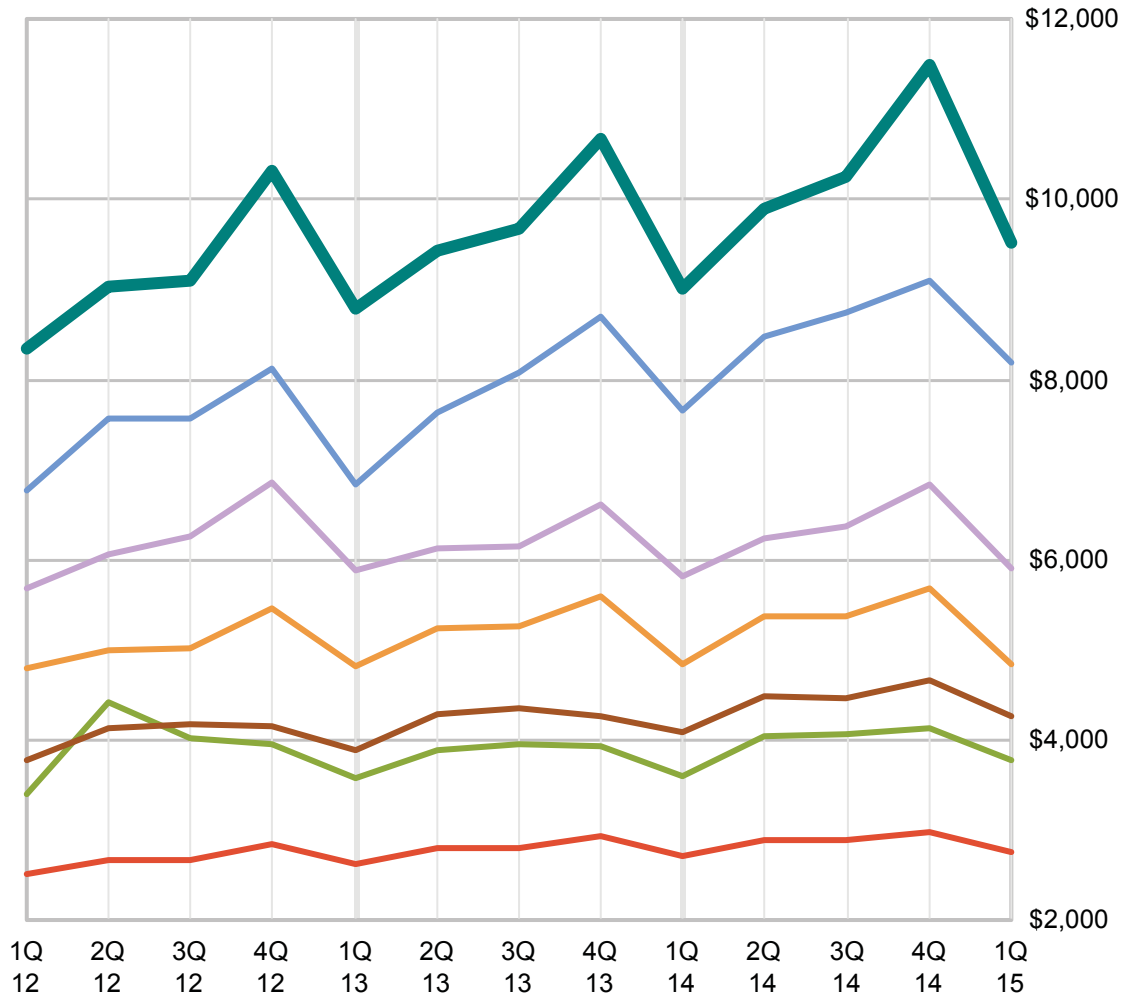
- Costa Mesa**  
Count: 169
- Newport Beach**  
Count: 50
- Irvine**  
Count: 81
- Huntington Beach**  
Count: 88
- Tustin**  
Count: 45
- Santa Ana**  
Count: 99
- Westminster**  
Count: 35



Periods shown reflect the period in which the sales occurred - Point of Sale

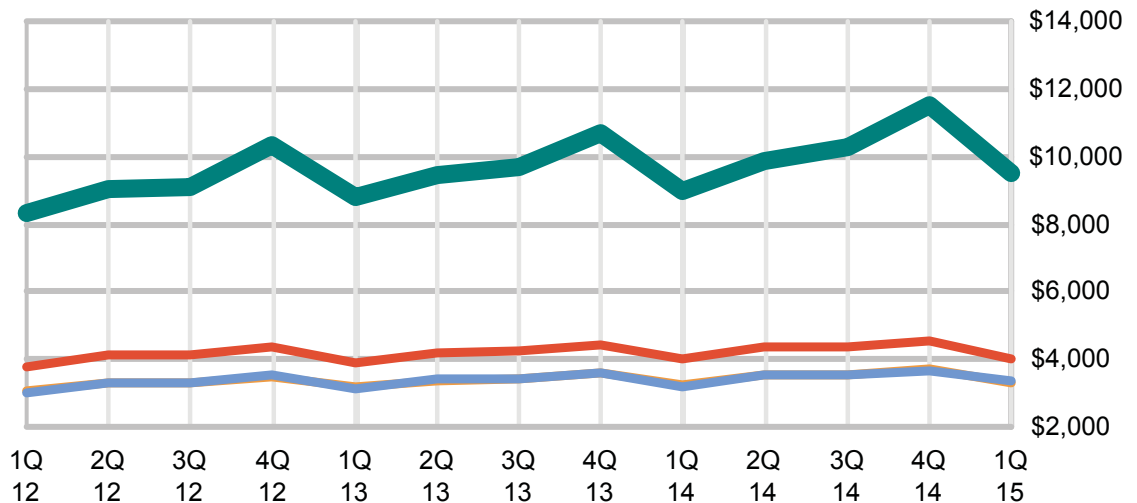
Per Capita Sales

- Costa Mesa**  
Count: 13,321
- Newport Beach**  
Count: 4,802
- Irvine**  
Count: 9,395
- Huntington Beach**  
Count: 9,290
- Tustin**  
Count: 2,861
- Santa Ana**  
Count: 8,032
- Anaheim**  
Count: 11,490



Per Capita Sales

- Costa Mesa**
- Orange County**
- Southern California**
- California**



Periods shown reflect the period in which the sales occurred - Point of Sale