

# Q1 2016



# City of Rosemead Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2016)

## Rosemead In Brief

Receipts from Rosemead's January through March sales were 3.9% lower than the same quarter one year ago. Actual sales activity decreased 0.1% after accounting aberrations were factored out.

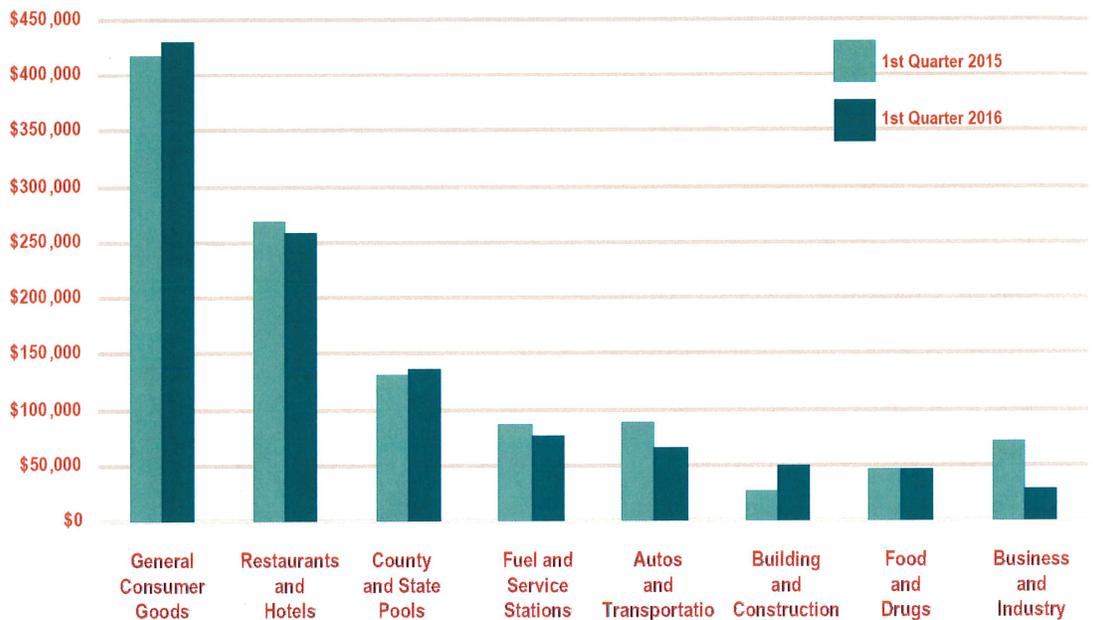
A large onetime direct use tax receipt in the prior year's quarter depressed current quarter business and industry results and was primarily responsible for the overall quarterly increase.

Receipts that were incorrectly allocated temporarily depressed both restaurant and autos-transportation group returns. Continued lower fuel prices negatively impacted service station revenues.

The losses were partially offset by strong building material and supply sales which lifted building and construction receipts. New retail outlet openings helped boost general consumer goods. A larger allocation from the countywide use tax pool was also a factor.

Net of aberrations, taxable sales for all of Los Angeles County grew 2.7% over the comparable time period, while the Southern California region as a whole was up 3.1%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

888 Seafood	Pooltown
Allied Building Products	Sea Harbour Seafood
AutoZone	Shell
CH Auto	Shinsengumi
East Gourmet Seafood	T Mobile
IHOP	Target
In N Out	TGI Fridays
JB Pipe & Supply	Ulta
Kami Buffet & Grill	USA Gasoline
Macys	Walmart Supercenter
McDonalds (2)	
Mobil (2)	
Panda Express	

## REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$4,128,625	\$4,151,366
County Pool	517,746	555,559
State Pool	2,703	2,898
<b>Gross Receipts</b>	<b>\$4,649,074</b>	<b>\$4,709,822</b>
<b>Less Triple Flip*</b>	<b>\$(1,162,269)</b>	<b>\$(904,270)</b>

\*Reimbursed from county compensation fund

**California Overall**

The local one-cent share of the statewide sales and use tax was 3.1% higher than the year-ago quarter after excluding payment aberrations.

Gains in the countywide use tax pools were the largest contributor to the increase due to the growing impact of online purchases from out-of-state sellers and the corresponding shift of tax revenues from brick and mortar retail stores to fulfillment centers that process orders online. Not surprisingly, areas with concentrations of young, affluent buyers saw the highest online sales growth and the weakest general consumer goods results.

Solid results from auto sales and leases, transportation rentals, contractor supplies and restaurants also contributed to the overall increase.

The 5.6% gain in the business-industry sector was bolstered by onetime receipts for equipment purchases related to alternative energy projects.

Most general consumer goods categories were flat or down, except for specialty stores, electronics-appliance stores and home furnishings, consistent with the trend of consumers buying more from online retailers.

Gains from most other segments were relatively modest, while lower prices at the pump caused an 11.4% decline in fuel tax revenues, extending the decline to a sixth consecutive quarter.

**Robust Growth in Online Sales**

National surveys reveal that consumers buy online to avoid crowds, save time and find better bargains. Online shopping also benefits buyers in rural areas with fewer shopping options.

Total online spending comprised 12.8% of all general consumer goods purchases in 2015, up from 3.4% in 2000.

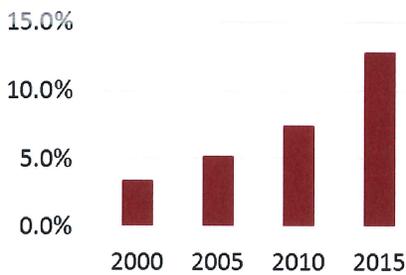
According to Forrester Research, Amazon accounted for 60% of total online sales growth in 2015.

Though the online share of overall sales

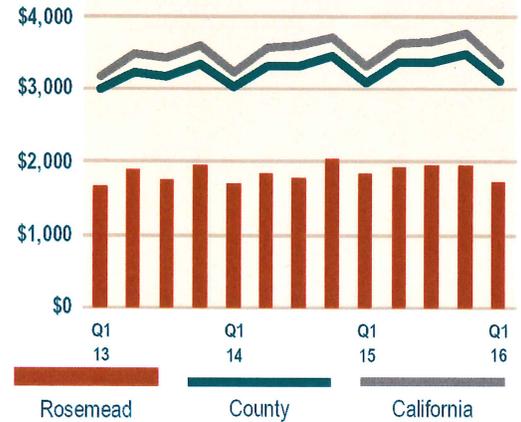
remains relatively modest, the year-over-year growth rate indicates a major shift in retailing is well underway. In response, more and more traditional brick and mortar retailers are opening online sales channels in recognition of this growing trend largely powered by younger buyers.

Department store chains have been particularly hard hit as Amazon has expanded its offerings to include apparel and fashion merchandise. Media reports indicate Macy's recently suffered its worse quarterly sales since the recession, while Nordstrom, J.C. Penney and Kohl's all reported lower sales. Each of these chains has established a solid web presence in a fight to retain market share.

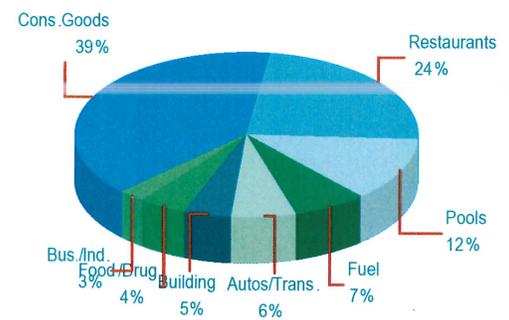
**Online General Consumer Goods  
YOY Percentage Growth**



**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP  
Rosemead This Quarter**



**ROSEMEAD TOP 15 BUSINESS TYPES**

Business Type	Rosemead		County	HdL State
	Q1 '16	Change	Change	Change
Auto Repair Shops	22,707	11.6%	7.7%	7.3%
Automotive Supply Stores	22,051	9.1%	5.4%	4.8%
Casual Dining	118,110	-9.3%	8.5%	6.0%
Contractors	25,826	206.7%	6.7%	1.6%
Department Stores	— CONFIDENTIAL —		-4.6%	-4.7%
Discount Dept Stores	— CONFIDENTIAL —		-0.9%	-0.3%
Drug Stores	18,542	1.9%	0.3%	0.0%
Electronics/Appliance Stores	23,363	14.4%	2.9%	2.8%
Fast-Casual Restaurants	19,768	-6.3%	4.5%	2.8%
Grocery Stores Beer/Wine	11,768	-9.6%	0.2%	-1.5%
Grocery Stores Liquor	10,062	6.1%	0.8%	1.5%
Quick-Service Restaurants	116,977	2.9%	4.9%	6.4%
Service Stations	75,643	-12.5%	-7.4%	-9.3%
Specialty Stores	24,586	40.0%	5.8%	3.3%
Used Automotive Dealers	18,540	-59.3%	2.0%	9.3%
<b>Total All Accounts</b>	<b>957,074</b>	<b>-4.9%</b>	<b>1.7%</b>	<b>1.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>135,669</b>	<b>4.0%</b>	<b>11.3%</b>	<b>14.1%</b>
<b>Gross Receipts</b>	<b>1,092,743</b>	<b>-3.9%</b>	<b>2.8%</b>	<b>3.2%</b>