

Q2 2019



City of Rosemead Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2019)

Rosemead In Brief

Rosemead's receipts from April through June were 26.6% above the second sales period in 2018. However, this comparison is inflated due to CDTFA's transition to a new reporting system in the prior year which temporarily delayed distributions to the City. Excluding reporting aberrations, actual sales were up 3.4%.

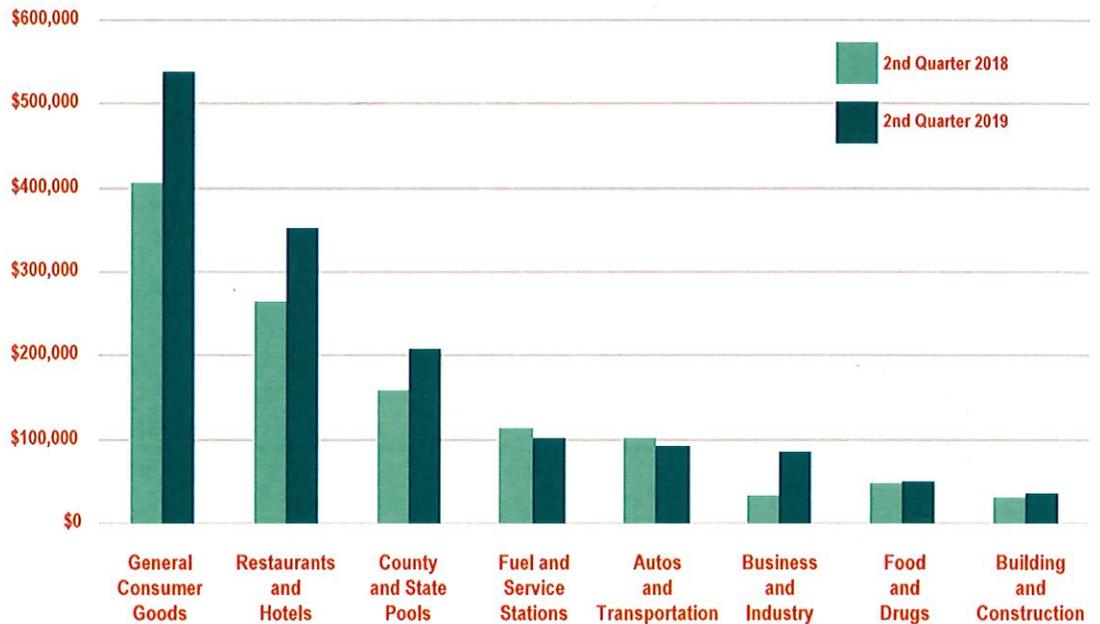
A large onetime use tax payment and higher actual sales in multiple segments produced a 56.5% increase in business and industry. A new retail outlet helped boost general consumer goods actual sales 2.4%, while solid casual dining and fast casual sales lifted the restaurant group 3.0%.

Cash receipts from the City's allocation of the countywide use tax pool increased 30.2%. Adjusting for anomalies, pool receipts were 23.1% higher.

The gains were partially offset by a 16.7% decrease in service station sales caused by a large payment that inflated prior year results, an 18.1% drop in used auto sales and lower food and drugs returns.

Net of aberrations, taxable receipts for all of Los Angeles County grew 2.6% over the comparable time period; the Southern California region was up 2.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

888 Seafood	Rosemead Valley Mart Mobil
Boiling Crab	Ross
California Auto Resources Service	Sam Woo Chinese BBQ
Circle K	San Yi Us Investment Co
FH Printworks	Shell
H J Auto Group	Sunshine Seafood
In N Out Burger	T Mobile
Kami Buffet & Grill	Target
Lucille's Smokehouse Bar-B-Que	TGI Fridays
Macys	Ulta Beauty
McDonalds	USA Gasoline
Olive Garden	Walmart Supercenter
Panda Express	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date (Q3 to Q2)

	2017-18	2018-19
Point-of-Sale	\$4,780,700	\$5,142,668
County Pool	688,364	763,335
State Pool	2,702	2,569
Gross Receipts	\$5,471,766	\$5,908,572

California Overall

The local one percent share of California's sales and use tax from April through June sales was 20.4% higher than the same quarter of 2018. However, the actual gain came to 2.9% after factoring for online filing issues and accounting anomalies. Fiscal year 2018-19 ended with an increase of 3.6% over the previous year after similarly adjusting for reporting aberrations.

The quarter exhibited continuation of a recent softening for most taxable categories. Rising used car sales and rentals helped offset what was otherwise, a generally flat quarter for the auto-transportation group. An acceleration in online shopping boosted receipts from county wide pools while gains for brick and mortar stores were limited to value priced apparel, discount department stores and jewelry.

Restaurant patronage appears to be leveling with a shift toward lower cost dining options that produced relatively modest gains for the group when compared to previous quarters. New cannabis operations resulted in a small rise in food and drug receipts.

A 2.5% gain in business-industrial sales and use tax revenues came primarily from online fulfillment centers, logistics and utility company purchases and ongoing investment in automation and information technology. A similar rise in receipts from the building-construction group was due to a variety of infrastructure and onetime special projects that offset declines in material purchases for new home construction.

Marketplace Facilitator Act

Effective Oct. 1, 2019, companies such as Amazon, eBay and Google who provide sales tax related services to other retailers are required to assume the obligation for collecting and remitting their client's sales and use tax. The definition of sales-related services includes payment processing, inventory and shipping of merchandise, order taking, providing customer service, or assisting with re-

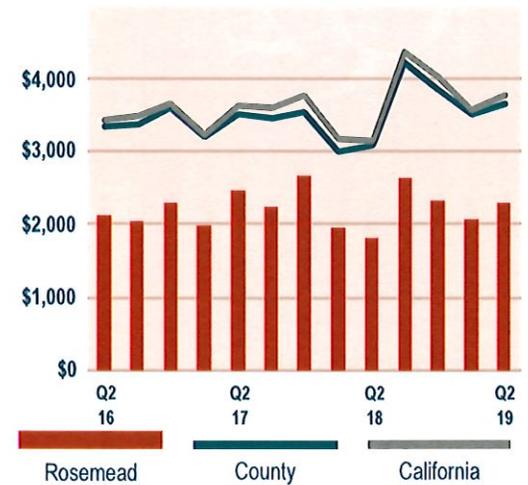
turns and exchanges.

The Marketplace provision was part of AB 147 which was adopted to implement California's approach to the U.S. Supreme Court decision in South Dakota v. Wayfair Inc.

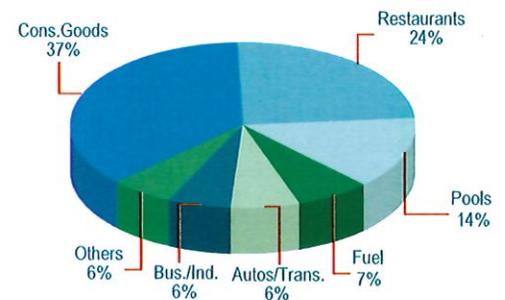
AB 147 requires out-of-state retailers with annual combined sales of \$500,000 or more to now collect and remit this state's sales and use tax from its customers. Applying the \$500,000 threshold to the sum total of all the third-party transactions that facilitators process for their clients, is hoped to produce moderate gains in previously uncollected revenues for the state, cities, counties and local transaction tax districts.

Facilitator tax remittances from merchandise inventoried in California will be allocated to specific jurisdictions while receipts from deliveries outside of the state will be distributed via the pools. Some facilitators have begun to collect and remit taxes ahead of this deadline. This is evidenced by new pool allocations and increases in direct allocations to certain jurisdictions.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Rosemead This Quarter



ROSEMEAD TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Rosemead Q2 '19*	Rosemead Change	County Change	HdL State Change
Auto Repair Shops	19.7	-4.5%	21.6%	21.6%
Automotive Supply Stores	15.0	-9.2%	13.8%	16.4%
Casual Dining	222.3	45.4%	22.9%	24.5%
Convenience Stores/Liquor	20.7	46.5%	11.8%	14.9%
Department Stores	— CONFIDENTIAL —	—	-19.7%	-24.7%
Discount Dept Stores	— CONFIDENTIAL —	—	29.0%	26.3%
Electronics/Appliance Stores	33.4	-5.2%	10.5%	7.0%
Family Apparel	— CONFIDENTIAL —	—	43.1%	45.3%
Fast-Casual Restaurants	25.1	11.8%	17.7%	18.9%
Grocery Stores	14.6	-6.6%	10.4%	9.6%
Light Industrial/Printers	29.1	366.4%	72.5%	51.4%
Quick-Service Restaurants	99.9	15.6%	12.9%	15.9%
Service Stations	101.7	-11.1%	39.6%	51.4%
Specialty Stores	51.8	25.2%	-3.3%	-8.5%
Used Automotive Dealers	54.1	-8.2%	82.8%	90.0%
Total All Accounts	1,258.6	26.0%	18.4%	20.1%
County & State Pool Allocation	207.5	30.3%	22.4%	22.4%
Gross Receipts	1,466.1	26.6%	19.0%	20.4%