

# Q2 2014



# Temple City Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2014)

## Temple City In Brief

Receipts for Temple City's April through June sales were 14.7% higher than the same quarter one year ago. Actual sales activity was up 6.2% when reporting aberrations were factored out.

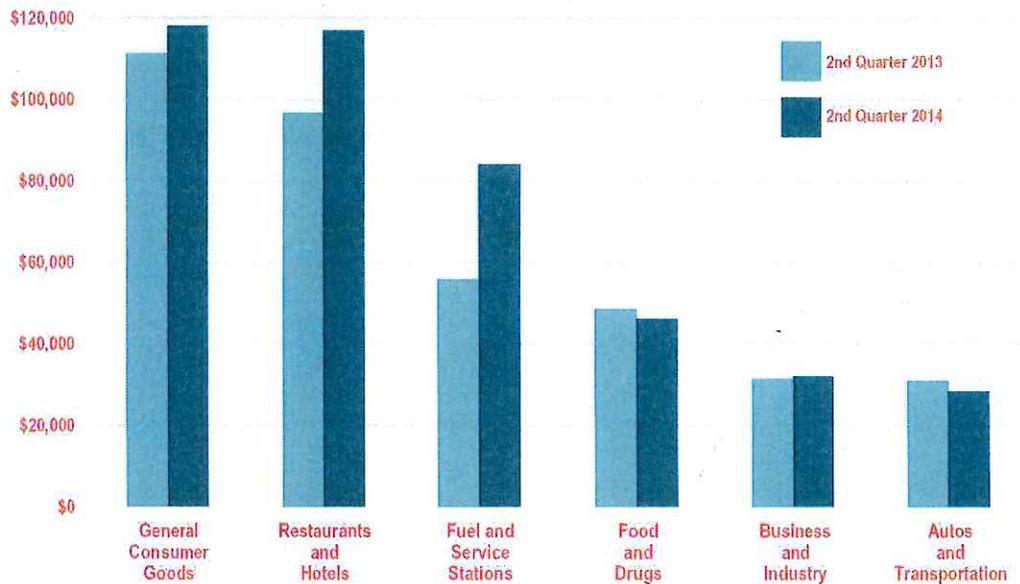
The reopening of a service station, higher gas prices during the quarter and a double-up payment all contributed to a 50% increase from the fuel group. Accounting adjustments in the current period and continued consumer interest in eating out lifted casual dining and quick service restaurants.

New variety and art-gift-novelty merchants combined with increased sales of home furnishings were largely responsible for the growth in general consumer goods. Allocations from the countywide use tax pool also grew by 24.7%, further contributing to the positive outcome.

Decreased sales from autos and transportation and the closeout of a food-drugs outlet negatively impacted overall results.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 5.5% over the comparable time period, while the Southern California region as a whole was up 4.8%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

AT&T Mobility	OO Kook BBQ
Chevron	Ralphs
Circle K	Rite Aid
CVS Pharmacy	Seafood Village
Daiso Japan	Super A Foods
Green Island Restaurant	Super Pets
Hometown Buffet	Temple City Mobil
In N Out Burgers	Temple City Mobil
Jr Fueling	Temple City Powersports
K Mart	The Hat
McDonalds	TJ Maxx
Modern Lighting	Vasil
Office Depot	

## REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$383,192	\$435,575
County Pool	40,069	49,981
State Pool	263	330
Gross Receipts	\$423,524	\$485,886
Less Triple Flip*	\$(105,881)	\$(121,471)

\*Reimbursed from county compensation fund

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**California as a Whole**

Excluding onetime payment aberrations the local one cent share of state-wide sales and use tax was 5.2% higher than the second quarter of 2013.

Gains in the countywide use tax allocation pools were the largest contributor to the overall increase reflecting the growing influence of online purchases from out of state companies without nexus or a specific "point of sale" in California. The trend was also reflected by a growing shift of tax revenues from brick and mortar stores to in-state fulfillment centers that process on-line orders.

Auto sales and leases, contractor supplies and restaurants also posted major gains. These were partially offset by a decline in alternative energy projects that had previously added significant use tax revenues to the business and industry group.

The consensus among analysts is that the current pattern of increases will continue through the remainder of the fiscal year.

**Triple Flip - The End is in Sight**

California's 2014/15 budget provides for retiring the \$15 billion fiscal recovery bonds authorized in 2004 to finance that year's state budget deficit.

To guarantee the bonds, the state redirected 1/4 of local government's one cent sales tax and backfilled it with property tax revenues taken from the Educational Revenue Augmentation funds (ERAF) established for schools. The school ERAF funds were in turn replaced with state general revenues. This reshuffling became known as the "triple flip" and has caused cash flow and budget projection problems for local governments since.

The current plan is to discontinue the deductions at the end of calendar year 2015 and reimburse local governments with their final clean-up payments in January 2016.

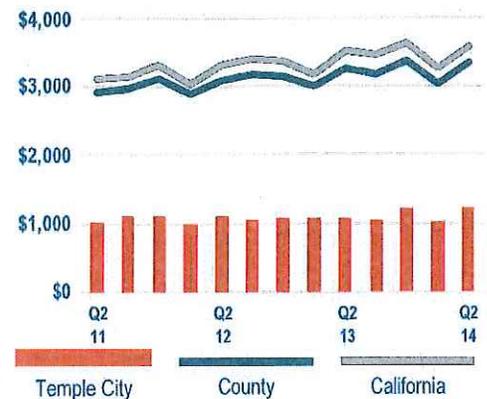
Proposition 1A, approved by the voters in 2004, prohibits the state from further extending the debt or from making additional reductions or changes to local government revenues without voter approval.

**Allocation Formulas Corrected**

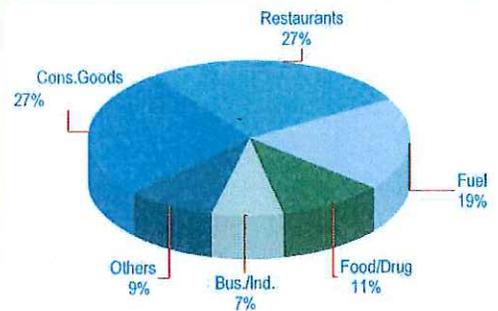
In addition to local sales tax and transactions tax overrides, counties and cities share in the half-cent public safety tax approved by the voters in 1993 to cushion the state's use of property tax revenues to finance Proposition 198's minimum educational funding requirements (ERAF). Counties also receive 1.5625 cents of state sales tax to reimburse for health, welfare and corrections functions shifted to them from the state in 1991 and 2011.

Inconsistencies in the public safety remittances brought to the state's attention by HdL revealed that allocation formulas did not reflect recent legislative changes. As a result, counties will receive onetime backfill payments totalling \$116 million in 2014/2015.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Temple City This Quarter



**TEMPLE CITY TOP 15 BUSINESS TYPES**

Business Type	Temple City		County	HdL State
	Q2 '14	Change	Change	Change
Automotive Supply Stores	13,353	1.1%	3.7%	2.4%
Casual Dining	57,082	40.6%	5.1%	3.8%
Discount Dept Stores	— CONFIDENTIAL —	—	3.3%	2.9%
Drug Stores	13,568	10.9%	11.8%	9.9%
Electronics/Appliance Stores	— CONFIDENTIAL —	—	1.3%	-1.0%
Family Apparel	— CONFIDENTIAL —	—	7.7%	9.6%
Fast-Casual Restaurants	— CONFIDENTIAL —	—	8.4%	10.3%
Grocery Stores Liquor	26,282	13.1%	4.3%	5.7%
Home Furnishings	11,127	23.3%	6.7%	6.8%
Office Supplies/Furniture	— CONFIDENTIAL —	—	38.3%	9.1%
Plumbing/Electrical Supplies	— CONFIDENTIAL —	—	15.8%	11.2%
Quick-Service Restaurants	50,824	12.3%	5.9%	6.6%
Service Stations	84,147	50.4%	5.6%	6.7%
Specialty Stores	15,174	-11.6%	10.5%	7.7%
Variety Stores	10,445	80.4%	5.7%	8.6%
<b>Total All Accounts</b>	<b>\$435,575</b>	<b>13.7%</b>	<b>3.5%</b>	<b>2.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$50,311</b>	<b>24.7%</b>	<b>13.6%</b>	<b>12.7%</b>
<b>Gross Receipts</b>	<b>\$485,886</b>	<b>14.7%</b>	<b>4.5%</b>	<b>3.9%</b>