

# Q4 2012



# City of Aliso Viejo Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2012)

## Aliso Viejo In Brief

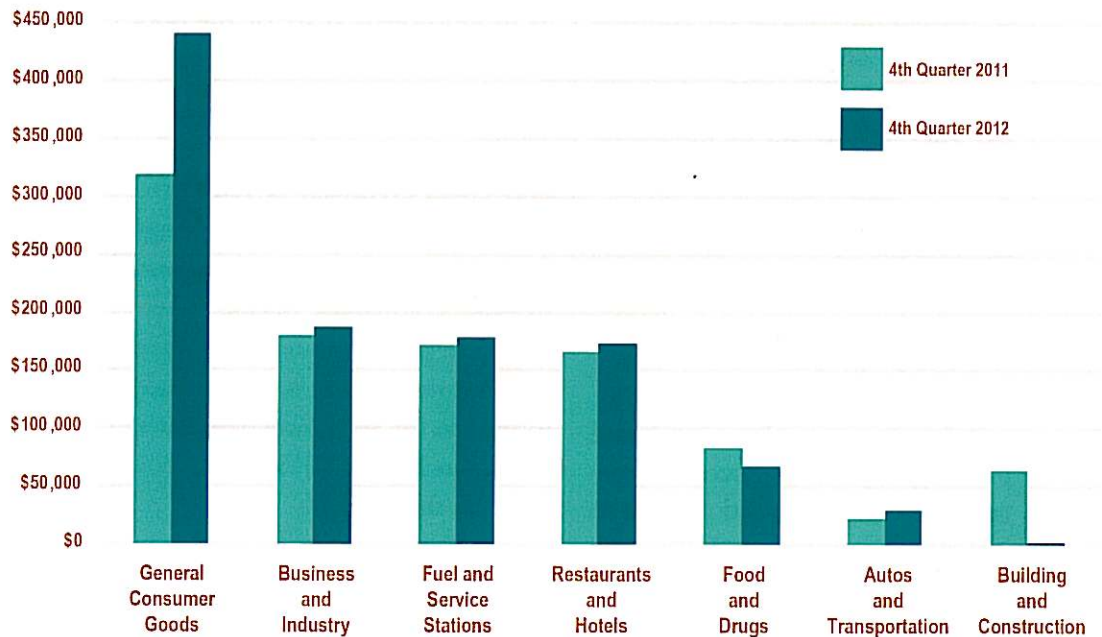
Receipts for Aliso Viejo's October through December sales were 8.0% higher than the same quarter one year ago. Actual sales activity was up 6.3% when reporting aberrations were factored out.

A onetime accounting adjustment that exaggerated results from electronics/appliance stores was primarily responsible for the current increase. The city experienced a strong sales quarter for office equipment and service stations. A recent addition helped boost revenues from restaurants.

The gains were partially offset by a onetime reporting aberration that depressed results from grocery stores and an accounting adjustment that inflated year-ago receipts and caused the drop in office supplies/furniture.

Adjusted for aberrations, taxable sales for all of Orange County increased 6.3% over the comparable time period, while the Southern California region as a whole was up 6.6%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS In Alphabetical Order

Aqueduct	Michaels Arts & Crafts
Barnes & Noble	Petsmart
Buy.Com	Qlogic
Chevron	Resilient Communications
Chevron All Hands Car Wash	Restaurants on the Run
Circle K	Shell
Circle K 76	Shell
CVS Pharmacy	Staples
Digital Networks Group	Stater Bros
El Dorado Hand Car Wash	Target
Freeway Mobil	TJ Maxx
Metagenics	Trader Joes
	Vertos Medical

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$3,004,355	\$3,243,754
County Pool	310,550	341,527
State Pool	414	1,467
<b>Gross Receipts</b>	<b>\$3,315,319</b>	<b>\$3,586,748</b>
<b>Less Triple Flip*</b>	<b>\$(828,830)</b>	<b>\$(896,687)</b>

\*Reimbursed from county compensation fund



## Statewide Results

Statewide sales tax receipts for October through December sales were up 3.4%; however, net of onetime payment aberrations, actual sales increased 6.1% compared to the same sales period in 2011.

The autos and transportation group, led by continued strong sales of new cars and light trucks, recorded another quarter of robust increases over prior year results and accounted for 26% of the adjusted statewide gain. For many general consumer goods retailers the holiday sales season can be the difference between a profit and a loss for the year. This group bested year-ago receipts by 4.3%. Business and industry totals again included tax receipts from a variety of alternative energy projects. Heavy industrial, office equipment and office supplies/furniture also contributed to the group's 5.3% increase. Restaurant dining remained popular as overall sales moved up 5.7%, with most of the increase going to full and quick-service operators. Higher prices at the pump bolstered returns for fuel and service stations which posted a 2.1% rise, even as gasoline consumption for the period trended down. Receipts for building and construction increased 5.3%, while food and drugs gained 1.5%. County use tax pool totals were buoyed by receipt of previously uncollected taxes on internet sales.

## First Full Quarter for AB 155

AB 155 expanded the definition of nexus to include out-of-state sellers with statewide annual sales of \$1M or more and who have in-state affiliates providing services tied to those out-of-state sales. Effective September 15, 2012 companies meeting these criteria were required to collect California sales and use tax.

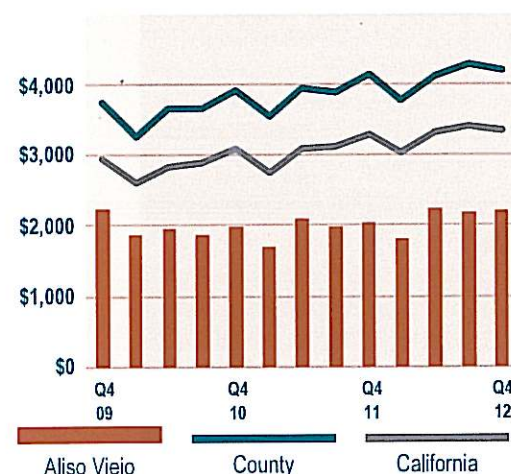
The 26 companies HdL has identified to date as falling under AB 155's criteria produced slightly over \$12M in local one-cent sales tax revenues in the fourth quarter of 2012. It is estimated that this will translate into annual revenues of about \$0.80 per capita. To date, the revenues are being allocated to all jurisdictions in California via the countywide use tax allocation pools. Each city and county receives its proportionate share of the pool based on its ratio of taxable sales.

Past deal making by high volume retailers suggests that new revenues could eventually be redirected to just a few agencies in exchange for sales tax rebates as more out-of-state companies decide where to locate their in-state distribution warehouses. Online sellers already located in the state have negotiated rebates as high as 85% of the local sales tax they collect.

S.336/HR.684, the Federal Marketplace Fairness Act, would provide

a uniform approach to allowing all states to require online and remote sellers to collect sales taxes. The bills are strongly supported by a coalition of national retailers and local governments but are opposed by eBay and anti-tax groups. Although the Senate has adopted a resolution of support, the bills themselves have not been formally acted upon in either the Senate or House of Representatives.

## SALES PER CAPITA



## ALISO VIEJO TOP 15 BUSINESS TYPES

Business Type	Aliso Viejo		County	HdL State
	Q4 '12*	Change	Change	Change
Art/Gift/Novelty Stores	26.3	6.2%	-0.6%	0.5%
Business Services	49.7	13.7%	9.9%	14.3%
Discount Dept Stores	— CONFIDENTIAL —		7.5%	4.4%
Drug Stores	23.2	-3.3%	-5.5%	-4.5%
Electrical Equipment	41.7	-2.7%	-10.1%	4.5%
Electronics/Appliance Stores	135.7	601.3%	3.3%	3.6%
Family Apparel	52.3	0.2%	11.1%	8.3%
Grocery Stores Liquor	38.6	-28.3%	-29.7%	-17.6%
Office Equipment	27.4	39.5%	6.5%	18.1%
Office Supplies/Furniture	22.2	-32.0%	12.7%	4.5%
Restaurants Beer And Wine	32.7	11.6%	-2.5%	0.2%
Restaurants Liquor	43.6	3.7%	6.9%	8.0%
Restaurants No Alcohol	78.6	1.0%	5.1%	5.1%
Service Stations	173.2	4.7%	0.0%	2.8%
Specialty Stores	38.6	9.5%	6.3%	-0.6%
<b>Total All Accounts</b>	<b>\$1,077.1</b>	<b>7.0%</b>	<b>1.4%</b>	<b>2.0%</b>
<b>County &amp; State Pool Allocation</b>	<b>129.3</b>	<b>17.1%</b>		
<b>Gross Receipts</b>	<b>\$1,206.4</b>	<b>8.0%</b>		<i>*In thousands</i>