

# Q2 2015



# American Canyon Sales Tax *Update*

*Third Quarter Receipts for Second Quarter Sales (April - June 2015)*

## American Canyon In Brief

American Canyon's receipts from April through June were 3.2% above the second sales period in 2014. Excluding reporting aberrations, actual sales were up 0.6%.

Higher sales from multiple business and industry categories including light industrial/printers and repair shop/equipment rentals were a major factor in the increase in receipts. Contractors and lumber/ building material suppliers also posted higher results. An 11.6% increase in the city's allocation from the countywide use tax pool also contributed to the overall gain.

Increased sales at grocery stores lifted food and drugs, while higher sales from most restaurant categories were mainly offset by multiple payment aberrations.

The gains were largely offset by a drop in gasoline prices that depressed service station results consistent with county and statewide trends. A prior business closeout and a payment aberration were responsible for the decline in autos and transportation.

Net of aberrations, taxable sale for all of Napa County grew 5.4% over the comparable time periods; the Bay Area was up 3.9%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Mid City Nursery
All Bay Mill & Lumber	Mike's Arco Mini Mart & Gas
Blueline Rental	Naked Wines
Central Valley Builders Sup	NV Cast Stone
Chevron	Panda Express
Fraser Edwards	Quinlans Tire Service
General Plumbing Supply	Round Table Pizza
GL Mezzetta	Safeway
Industrial Wholesale Lumber	Safeway Fuel
Jack in the Box	Sonic Drive In
Landsberg Orora	VA Filtration & Techno Quip
McDonalds	Walgreens
	Walmart

## REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$525,539	\$536,482
County Pool	66,329	74,027
State Pool	402	455
Gross Receipts	\$592,270	\$610,964
Less Triple Flip*	\$(148,068)	\$(152,741)

*\*Reimbursed from county compensation fund*

### Statewide Sales Tax Trends

Excluding accounting aberrations, the local one cent share of statewide sales occurring April through June was 3.4% higher than the comparable quarter of 2014.

Receipts from the countywide use tax allocation pools accounted for the largest portion of the increase reflecting a continuing shift in consumer preferences from brick and mortar stores to online shopping for merchandise shipped from out of state.

Sales and leases of new cars continued to post impressive gains as did contractor supplies and restaurants. Overall gains were offset by a 17.1% decline in receipts from service stations and petroleum related industries.

### The Remaining Fiscal Year

The state's unemployment rate continues to decline and real disposable income is expected to grow 2.5% to 3.0% in the second half of 2015. This improvement in incomes coupled with easy credit conditions should stimulate an increase in housing starts as well as capital investment in equipment, alternate energy and technology.

The auto industry is anticipating continuing strong sales until tapering to more sustainable levels in 2016-2017. Building and construction, the only retail segment yet to return to pre-recession levels, is gaining momentum in several regions and is expected to account for 10% of sales tax growth in the second half of the fiscal year.

Restaurant sales continue to rise although there are some concerns that the strong dollar may impact sales in areas that cater to tourists from abroad. Gains from consumer goods are expected to be modest with the strong dollar cutting prices of imported goods and an ongoing shift in consumer spending from tangible goods to services, entertainment and other non-taxable purchases.

Gasoline prices remain well below the previous year due to a worldwide glut

of oil. Barring unexpected supply or refinery disruptions, prices are expected to trend lower through the first half of 2015-16 but begin rebounding in the second half.

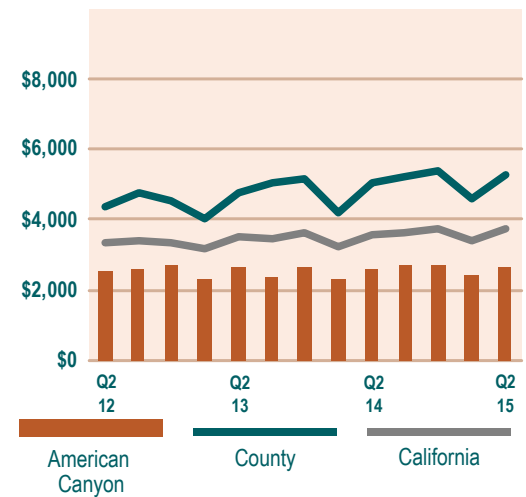
### Internet Sales Tax Proposal

HR 2775 (The Remote Transaction Parity Act) is a new proposal by Representative Jason Chaffetz (R-Utah) authorizing states to require remote sellers without physical presence in their state to collect state and local sales tax from in-state buyers.

The bill currently has 52 sponsors and attempts to address objections to elements of the Marketplace Fairness Act that preceded it. The proposal provides for a three year phase in for small businesses, prohibits auditing remote sellers with annual sales under \$5 million, and requires states to provide software to enable remote sellers to collect and remit their tax.

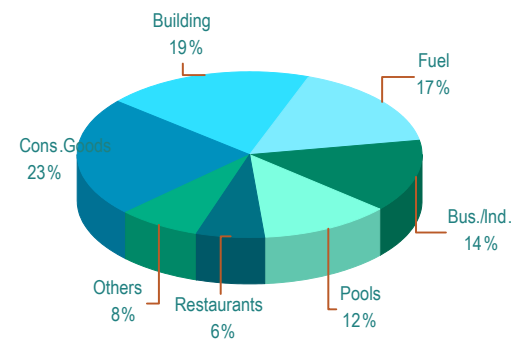
The Board of Equalization estimates that local governments in California currently lose approximately \$44 per capita in uncollected sales and use tax on e-commerce purchases.

### SALES PER CAPITA



### REVENUE BY BUSINESS GROUP

American Canyon This Quarter



### AMERICAN CANYON TOP 15 BUSINESS TYPES

Business Type	American Canyon		County	HdL State
	Q2 '15	Change	Change	Change
Automotive Supply Stores	8,851	-0.7%	0.4%	5.5%
Casual Dining	12,115	31.4%	-1.6%	6.0%
Contractors	15,592	7.5%	34.2%	14.3%
Discount Dept Stores	— CONFIDENTIAL —		-0.4%	-0.1%
Fast-Casual Restaurants	7,921	5.0%	19.9%	9.6%
Food Service Equip./Supplies	9,949	13.4%	85.5%	-6.0%
Fulfillment Centers	— CONFIDENTIAL —		33.4%	20.5%
Grocery Stores Beer/Wine	— CONFIDENTIAL —		2.0%	2.1%
Grocery Stores Liquor	— CONFIDENTIAL —		-1.1%	3.6%
Light Industrial/Printers	25,234	53.6%	33.5%	-0.6%
Lumber/Building Materials	90,931	3.6%	16.2%	4.5%
Plumbing/Electrical Supplies	— CONFIDENTIAL —		19.2%	5.9%
Quick-Service Restaurants	16,061	-9.5%	9.4%	9.2%
Repair Shop/Equip. Rentals	15,978	11.5%	na	23.7%
Service Stations	— CONFIDENTIAL —		-14.7%	-11.7%
<b>Total All Accounts</b>	<b>536,482</b>	<b>2.1%</b>	<b>5.6%</b>	<b>2.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>74,482</b>	<b>11.6%</b>	<b>15.5%</b>	<b>11.8%</b>
<b>Gross Receipts</b>	<b>610,964</b>	<b>3.2%</b>	<b>6.8%</b>	<b>3.8%</b>