

Q3
2013



City of Chula Vista Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2013)

Chula Vista In Brief

Receipts for Chula Vista's July through September sales were 2.6% higher than the same quarter one year ago. Actual sales activity was up 4.3% when reporting aberrations were factored out.

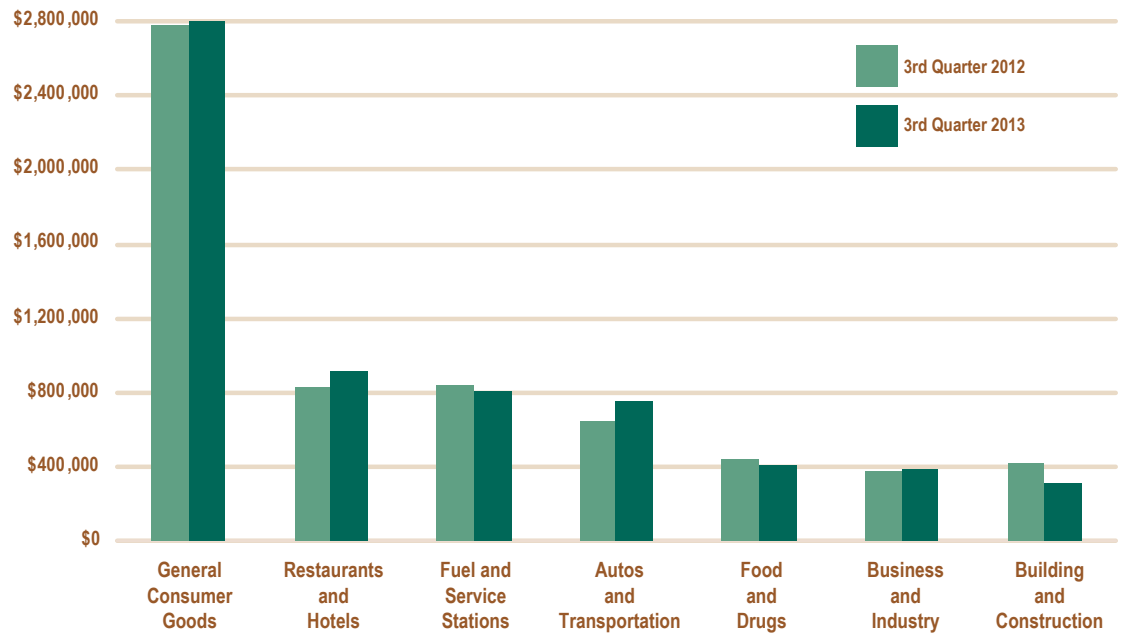
Autos and transportation posted increases from boats and motorcycles, auto supply stores, and autos sales, where the addition of a new car dealer helped boost receipts. The restaurants and hotels groups also experienced a strong sales quarter that was lifted, in part, by new eateries.

Multiple categories of general consumer goods were up including, women's apparel, electronics, home furnishings, and specialty stores. Business and industry also posted positive results from various categories.

The gains were partially offset by sales declines from service stations. Building and construction was down; however, the drop was largely due to an accounting error that resulted in a delayed payment. Double payments that inflated the comparison quarter were primarily responsible for temporarily depressing the food and drugs group.

Adjusted for aberrations, taxable sales for all of San Diego County increased 6.1% over the comparable time period, while the Southern California region as a whole was up 5.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Apple	Marshalls
Arco AM PM	Mossy Nissan
Arco AM PM	Ralphs
Best Buy	Ross
Chevron	Sears
Circle K	South Bay Motorsports
Costco	Target
Eastlake Chevron	Toyota/Scion
Fuller Ford/Kia	Toys R Us
Fuller Honda	Vons
Home Depot	Walmart
Jeromes Furniture Warehouse	
Kohls	
Macys	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$12,687,180	\$12,747,365
County Pool	1,446,348	1,581,930
State Pool	4,102	6,873
Gross Receipts	\$14,137,629	\$14,336,168
Less Triple Flip*	\$(3,534,407)	\$(3,584,042)

*Reimbursed from county compensation fund

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter was temporarily reduced by a state computer glitch that failed to fully fund receipts from sellers of building and construction supplies. Actual sales activity was up 5.8% over last year's comparable quarter after adjusting for this and other aberrations. Overall performance was generally similar throughout most regions of the state.

New and used auto sales and leases again grew at double digit rates and were the primary contributor to the quarter's statewide growth. With on-line sales remaining strong and more businesses reporting due to the state's new out-of-state reporting requirements, countywide pool allocations became the second largest portion of this quarter's overall increase. Recovering building and construction activity was also significant with a 9.7% gain after adjusting for the delayed allocations.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the third consecutive quarter.

Local Sales Tax Measures

Ten of twelve proposals for sales tax add-ons were approved in November as voters continued to support funding local services where they have more input and control.

New taxes were approved in Antioch, Corte Madera, Huron, Larkspur, San Anselmo and Scotts Valley. Existing add-ons were either increased or extended in El Monte, Rohnert Park, San Rafael and Stockton.

This brings the total number of city transactions and use tax districts to 135 and countywide districts to 44. Additional measures are expected to appear on local ballots in 2014.

Tax Rebates

Effective January 1, AB 562 (Williams) requires public notice and hearings on economic subsidies exceeding \$100,000. Identification of beneficiaries of the subsidy, the amounts, the beginning and ending dates and promised tax and job benefits are required as are periodic up-dates.

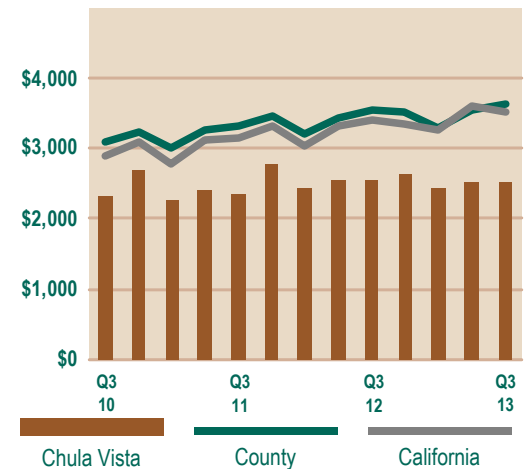
As on-line sales divert a greater portion of tax revenues from business and consumer purchases to centralized fulfillment centers, rebates of up to 85% are being bid in exchange for being the "point of sale" for the remainder. This bill encourages deeper evaluation of agreements that are collectively transferring an alarming share of statewide local sales tax to corporate bottom lines while cutting revenues for public services.

Holiday Sales Tax Shifts

Local tax receipts from fourth quarter sales will not be seen until March but may differ from previous years. Some forecasters predicted that on-line shopping would account for

up to 40% of holiday sales which would transfer that portion of the tax from stores to central fulfillment centers or county allocation pools. Final tax results from holiday spending will be pushed into June based on a National Retail Federation survey that showed 80% of shoppers gave at least one gift card. Tax is not charged until a gift card is redeemed.

SALES PER CAPITA



CHULA VISTA TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Chula Vista Q3 '13*	Chula Vista Change	County Change	HdL State Change
Automotive Supply Stores	119.3	13.2%	5.5%	5.8%
Casual Dining	311.8	11.9%	1.3%	2.8%
Department Stores	252.7	0.6%	1.1%	1.6%
Discount Dept Stores	1,311.6	-2.5%	-4.1%	-8.1%
Drug Stores	81.0	-2.7%	-2.1%	0.0%
Electronics/Appliance Stores	320.2	5.8%	-0.5%	4.2%
Family Apparel	243.1	2.4%	6.0%	5.7%
Grocery Stores Beer/Wine	81.7	-1.4%	-3.5%	-2.6%
Grocery Stores Liquor	189.9	-18.3%	-6.9%	-9.8%
Home Furnishings	159.1	3.4%	8.4%	10.4%
Lumber/Building Materials	212.5	-31.9%	-15.4%	-15.8%
New Motor Vehicle Dealers	417.9	18.9%	12.6%	12.8%
Quick-Service Restaurants	410.2	4.6%	4.3%	4.1%
Service Stations	797.7	-4.0%	-2.3%	-1.5%
Specialty Stores	194.4	5.8%	9.3%	7.7%
Total All Accounts	\$6,383.7	0.8%	2.4%	2.5%
County & State Pool Allocation	\$818.8	19.3%	21.1%	12.5%
Gross Receipts	\$7,202.4	2.6%	4.2%	3.5%