

# Q2 2013



# Manhattan Beach Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2013)

## Manhattan Beach In Brief

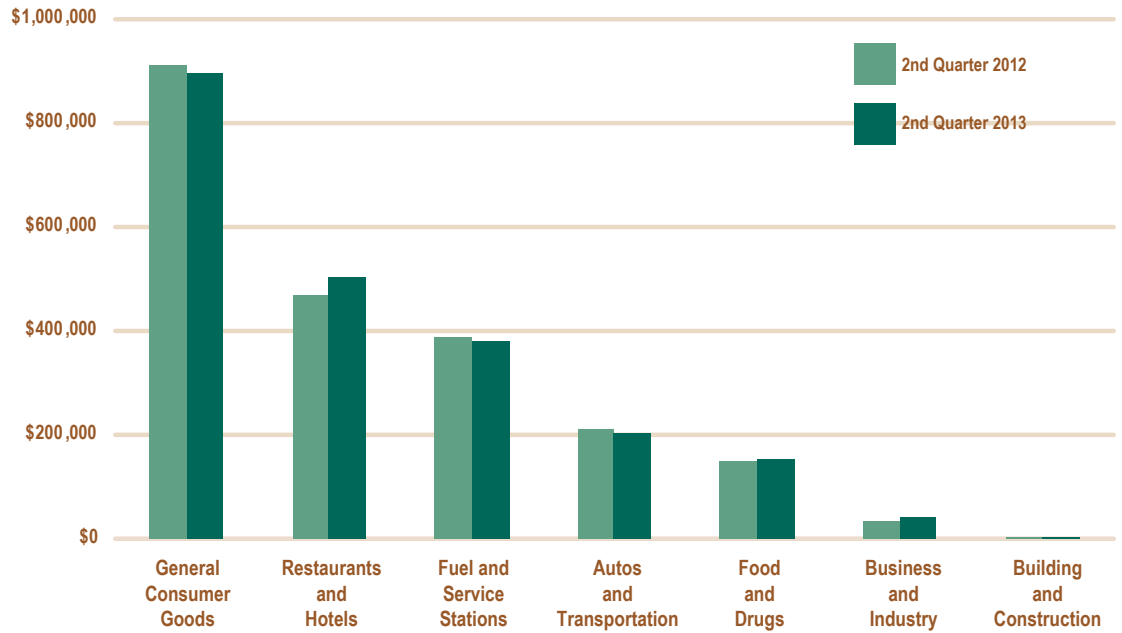
Receipts for Manhattan Beach's April through June sales were 0.6% lower than the same quarter one year ago. Actual sales activity was up 1.5% when reporting aberrations were factored out.

A decline in sales from electronics/appliance stores and the fuel & service stations group was primarily responsible for the current decrease. A onetime accounting adjustment negatively impacted the autos and transportation sector.

The losses were offset by recent additions that helped boost revenues from restaurants with liquor, restaurants with no alcohol and specialty stores.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 3.7% over the comparable time period, while the Southern California region as a whole was up 5.2%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS In Alphabetical Order

Apple Store	Manhattan Beach
Arco	Toyota Scion
AT&T Mobility	Old Navy
Barnes & Noble	Olive Garden
BevMo	Pottery Barn
Chevron	Power Preowned
Circle K	Auto Center of South Bay
CVS Pharmacy	Ralphs
Dewitt Petroleum	REI
Frys Electronics	Sephora
Houston's	Strand House
Macys	Standbar
Manhattan Beach	Target
Marriott	Tin Roof Bistro
	Trader Joes

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$2,168,967	\$2,183,268
County Pool	255,453	228,297
State Pool	2,174	1,501
<b>Gross Receipts</b>	<b>\$2,426,594</b>	<b>\$2,413,066</b>
<b>Less Triple Flip*</b>	<b>\$(606,648)</b>	<b>\$(603,267)</b>

\*Reimbursed from county compensation fund

## State Overall

Adjusted for accounting anomalies, receipts from local governments' one cent sales and use tax were up 5.4% over the second quarter of 2012.

More than half of the increase was driven by a strong quarter for auto sales plus new revenues flowing to the countywide use tax allocation pools largely as result of the previous passage of AB 155's expanded definition of nexus for out-of-state companies required to collect California sales and use taxes.

Receipts from the building and construction categories exhibited significant gains reflecting the beginning of a recovery in new housing construction and considerable remodeling activity. Restaurant sales were also strong but limited to low priced quick service chains and higher priced fine dining restaurants with full liquor licenses.

Gains from general consumer goods were modest overall and tended to be retailer and community specific. Tax revenues from fuel were down from last year's comparable quarter while receipts from business and industrial purchases were flat with the few increases in that group primarily tied to agriculture and food processing.

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## The Remaining Fiscal Year

The general consensus is that the state's economy will continue to recover in 2013-14 but sales tax growth may be more modest in the second half of the fiscal year than the first half.

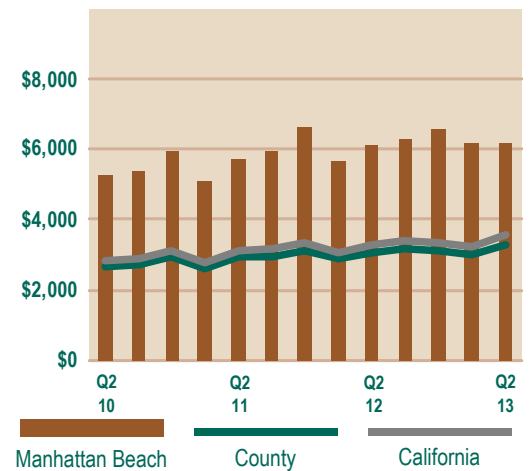
Auto sales which have been up by double digits from years of pent-up demand are expected to plateau in another quarter or two with the pace of growth returning to more normal levels. With consumers taking on more debt to purchase new cars and homes, discretion-

ary spending on other items is expected to slow. Low inflation, price competition and a job recovery tilted toward low paying or part-time work will also keep the cost of taxable goods in check.

The six year boom in the state's technology sector appears to be slowing with companies shifting from buying their own hardware and software to renting computer power through cloud based services. Gas prices will continue to be impacted by refinery shutdowns, Middle East crises and oil speculators. However with today's new cars almost 20% more fuel efficient than those sold only six years ago, further tax gains from this segment are not anticipated.

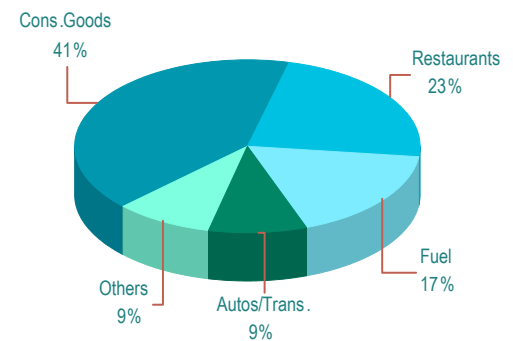
Continued recovery in construction activity is expected to generate a major share of sales tax growth in the second half of the fiscal year. With rising home and stock market values benefiting higher income families, luxury goods in all categories are also projected to show solid gains.

## SALES PER CAPITA



## REVENUE BY BUSINESS GROUP

Manhattan Beach This Quarter



## MANHATTAN BEACH TOP 15 BUSINESS TYPES

Business Type	Manhattan Beach		County	HdL State
	Q2 '13*	Change	Change	Change
Department Stores	94.7	4.4%	0.0%	0.2%
Discount Dept Stores	— CONFIDENTIAL —	—	2.4%	2.3%
Electronics/Appliance Stores	212.9	-13.2%	4.4%	4.7%
Family Apparel	71.7	5.8%	4.0%	4.7%
Grocery Stores Liquor	77.9	3.0%	4.2%	2.7%
Home Furnishings	42.1	0.1%	4.3%	6.8%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	6.7%	11.0%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	9.7%	-3.0%
Restaurants Beer And Wine	104.5	-1.4%	1.5%	0.5%
Restaurants Liquor	264.8	6.0%	9.9%	9.3%
Restaurants No Alcohol	85.3	14.2%	5.7%	5.9%
Service Stations	113.7	1.6%	-5.8%	-5.7%
Specialty Stores	80.7	17.7%	3.0%	5.1%
Sporting Goods/Bike Stores	61.4	0.7%	-6.5%	4.1%
Women's Apparel	89.9	8.1%	5.7%	3.0%
<b>Total All Accounts</b>	<b>\$2,183.3</b>	<b>0.7%</b>	<b>6.4%</b>	<b>7.0%</b>
<b>County &amp; State Pool Allocation</b>	<b>229.8</b>	<b>-10.8%</b>		
<b>Gross Receipts</b>	<b>\$2,413.1</b>	<b>-0.6%</b>		<i>*In thousands</i>