

# Q1 2015



# Manhattan Beach Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2015)

## Manhattan Beach In Brief

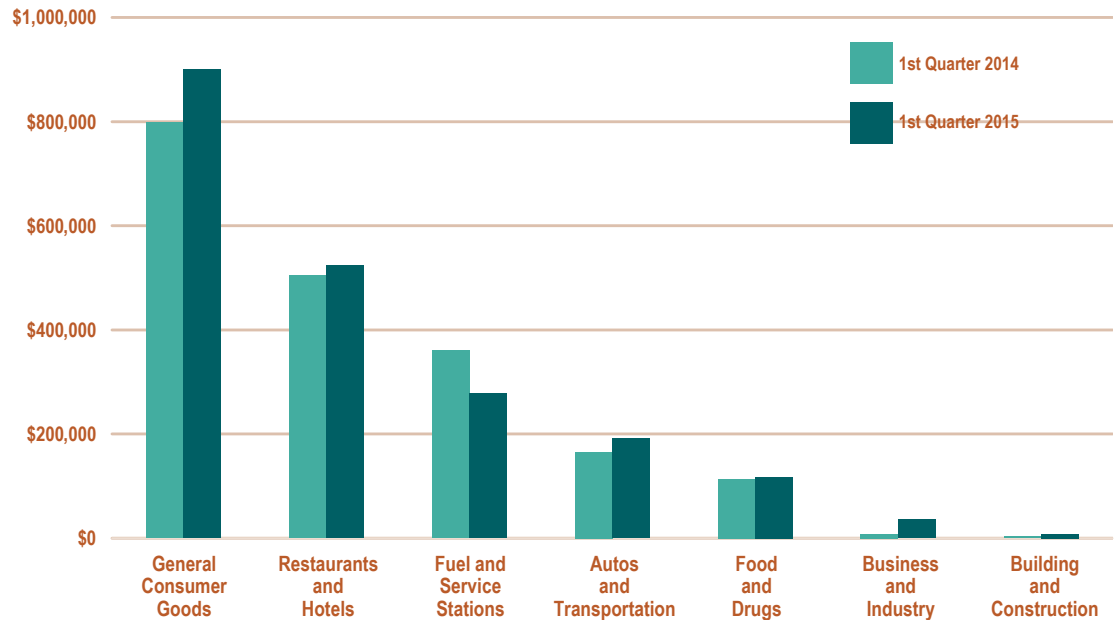
The allocation of sales and use tax revenues from Manhattan Beach's January through March sales was 5.5% higher than the first quarter of 2014. Actual sales activity was up 3.1% after factoring for reporting aberrations within the business-industrial group.

Generally, the city exhibited an overall solid strong quarter for most categories of general consumer goods, restaurants and auto related sales. Recent additions to the fine dining and electronics categories and a rise in the city's share of the countywide use tax allocation pool further added to the increase.

However, much of the gain was offset by a decline in receipts from service stations and petroleum products which resulted from a combination of lower fuel prices and consumption.

Adjusted for aberrations, sales and use tax receipts for all of Los Angeles County increased 3.0% over the comparable time period while Southern California as a whole was up 3.2%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Apple	Manhattan Beach
Arco	Toyota Scion
AT&T Mobility	Old Navy
Barnes & Noble	Olive Garden
BevMo	P1 Technologies
Chevron	REI
Circle K	Sephora
CVS Pharmacy	Skechers
Dewitt Petroleum	Strand House
Frys Electronics	Standbar
Houston's	Target
Macys	Tin Roof Bistro
Manhattan Beach	Toyota Lease Trust
Marriott	Trader Joes

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$8,661,254	\$8,852,198
County Pool	1,032,678	1,108,260
State Pool	5,786	5,857
<b>Gross Receipts</b>	<b>\$9,699,719</b>	<b>\$9,966,315</b>
Less Triple Flip*	\$(2,424,930)	\$(2,491,579)

\*Reimbursed from county compensation fund

**California as a Whole**

Local one cent tax receipts from sales occurring January through March rose 3.65% over 2014's comparable quarter after adjusting for reporting anomalies.

An exceptionally strong quarter for auto sales/leases and restaurants was the primary contributor to the overall increase. A rise in building-construction materials was also a factor although much of this growth came from specific office and sports facility projects in Northern California.

Gains from sales of general consumer goods were primarily in value priced clothing, home furnishings and specialty retail which includes pet supplies and cosmetics. Online shopping involving goods shipped from out of state continues to shift a major portion of the growth in general consumer goods to the countywide pools.

The statewide gains were largely offset by a 21% decline in receipts from fuel and service stations.

**Tax on Services**

The Board of Equalization has released an estimate that levying sales and use tax on services would raise over \$122.5 billion in state and local revenues or enough to lower the overall tax rate to under 4%.

Originally imposed in 1933 as a 2 1/2% tax with only three exemptions, the legislature has gradually exempted more and more goods from the sales tax while raising rates to compensate for the corresponding revenue loss. This and the state's shift from a manufacturing to service economy has created the nation's highest sales tax rate on the narrowest basket of goods.

Although more discussion is needed, there is interest in expanding the sales tax to services and lowering the rate to make the tax less regressive and

more competitive while providing greater flexibility in the development of local tax bases.

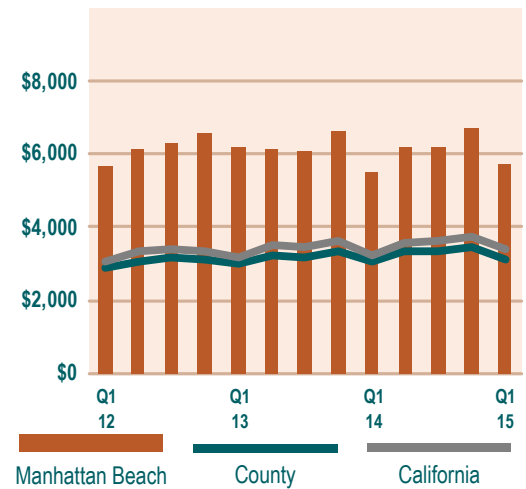
**Tax on Jet Fuel**

The Federal Aviation Administration has ruled that sales taxes on jet fuel must only be used for airport and aviation programs. The rule applies to taxes levied after 1987 but is unclear as to transactions tax districts, Proposition 172 revenues, or revenues collected by jurisdictions without airports. Clarification will not be available until FAA review and approval of a plan that has to be submitted by the state Department of Finance by December 8, 2015.

**Tax on Marijuana**

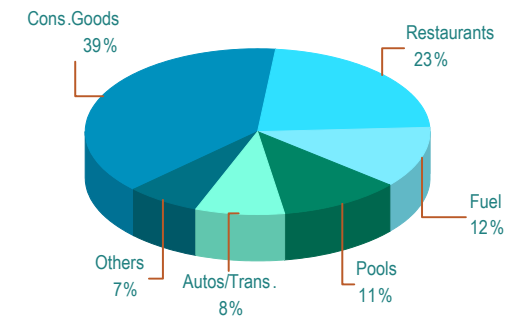
A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE findings are expected by November 2015.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

Manhattan Beach This Quarter



**MANHATTAN BEACH TOP 15 BUSINESS TYPES**

Business Type	*In thousands			
	Manhattan Beach Q1 '15*	Manhattan Beach Change	County Change	HdL State Change
Casual Dining	274.9	-2.3%	5.5%	5.3%
Department Stores	—	CONFIDENTIAL	2.0%	2.1%
Discount Dept Stores	—	CONFIDENTIAL	4.3%	4.2%
Electronics/Appliance Stores	277.1	37.5%	-6.1%	-0.4%
Family Apparel	60.5	-3.2%	8.7%	9.8%
Fast-Casual Restaurants	44.3	5.1%	10.6%	12.3%
Fine Dining	120.0	19.1%	16.5%	16.8%
Home Furnishings	49.7	8.1%	12.5%	8.3%
New Motor Vehicle Dealers	—	CONFIDENTIAL	8.4%	11.1%
Petroleum Prod/Equipment	—	CONFIDENTIAL	-30.4%	-18.0%
Quick-Service Restaurants	42.0	6.1%	9.9%	10.7%
Service Stations	79.4	-26.8%	-21.9%	-21.9%
Specialty Stores	75.5	2.4%	8.6%	10.0%
Sporting Goods/Bike Stores	44.1	4.9%	6.6%	6.8%
Women's Apparel	82.7	13.2%	-2.6%	1.7%
<b>Total All Accounts</b>	<b>\$2,053.9</b>	<b>5.2%</b>	<b>3.0%</b>	<b>3.6%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$266.2</b>	<b>8.1%</b>	<b>5.9%</b>	<b>1.1%</b>
<b>Gross Receipts</b>	<b>\$2,320.1</b>	<b>5.5%</b>	<b>3.3%</b>	<b>3.3%</b>