

# Q3 2015



# Manhattan Beach Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2015)

## Manhattan Beach In Brief

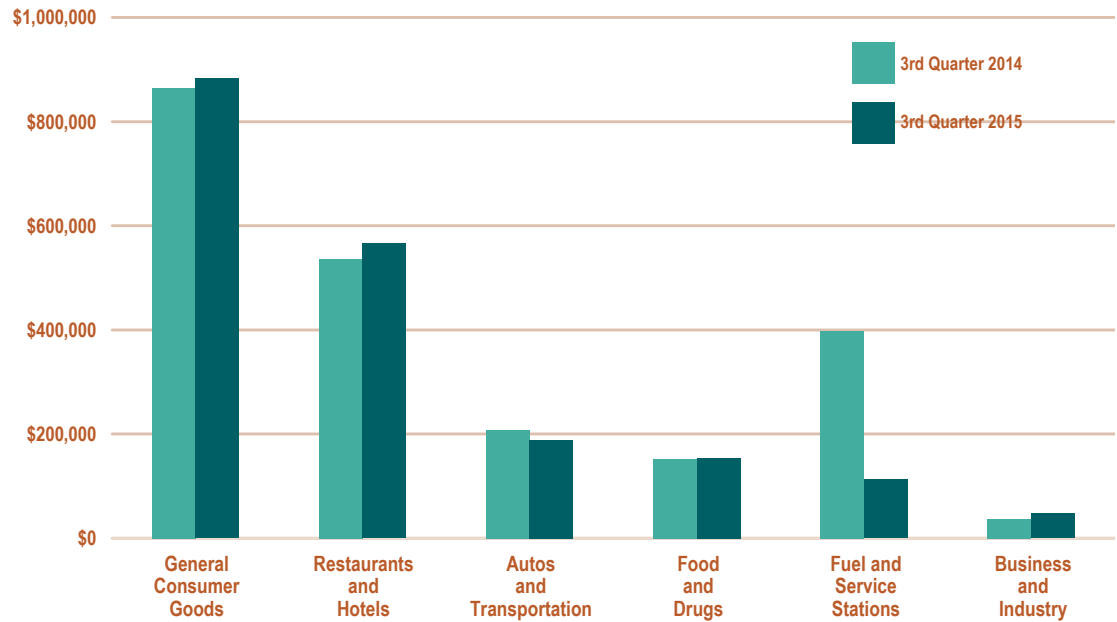
Manhattan Beach's receipts from July through September were 11.0% below the third sales period in 2014.

A business closeout that reduced receipts from the fuel and service stations sector was primarily responsible for the current decrease. The city experienced a decline in sales from the autos and transportation group.

The losses were partially offset by recent additions that helped boost revenues from fine dining restaurants and a strong sales quarter for general consumer goods.

Net of aberrations, taxable sales for all of Los Angeles County grew 2.6% over the comparable time period; the Southern California region was up 3.6%.

## 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	Ralphs
BevMo	REI
Chevron	Sephora
Circle K	Skechers
CVS	Strand House
Frys Electronics	Standbar
Houston's	Target
Kettle	Tin Roof Bistro
Macys	Toyota Lease Trust
Manhattan Beach	Trader Joes
Marriott	Vons

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$4,413,234	\$4,030,071
County Pool	514,572	504,399
State Pool	3,181	2,109
<b>Gross Receipts</b>	<b>\$4,930,988</b>	<b>\$4,536,578</b>
<b>Less Triple Flip*</b>	<b>\$(1,232,747)</b>	<b>\$(1,134,145)</b>

\*Reimbursed from county compensation fund

**Statewide Results**

The local share of sales and use tax revenues from the summer sales quarter were up 2.4% over last year's comparable quarter after adjusting for payment aberrations.

New and used auto sales and leases continued to exhibit solid gains and were the primary contributor to the quarter's statewide growth. The countywide allocation pools were the second largest contributors to the overall gain, boosted by increased online sales activity. The state's travel and tourism industry contributed to a robust increase in receipts from restaurants and hotels. Recovering building and construction activity was also significant with an 8.6% increase over the comparison period.

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

Overall performance was similar throughout most regions of the state, however the effect of lower fuel prices significantly dampened results in portions of the San Joaquin Valley.

**Online Retail Sales Continue to Outpace Brick & Mortar Stores**

Fourth quarter tax results will not be available until March but preliminary reports indicate holiday purchases from some brick and mortar stores are flat or down from 2014, while the volume of online shopping has set new records.

Although stores are not in danger of disappearing, the trend has many retail chains considering long-term plans for smaller "showroom" units with less square footage, employees, and in-store inventory.

HdL's statewide sales tax database for the first three quarters of 2015 shows that online orders for general consumer goods rose 17.6% over the first three quarters of 2014, while the overall sales gains at brick and mortar stores grew a modest 2.2%.

**New Restrictions on Tax Sharing Agreements**

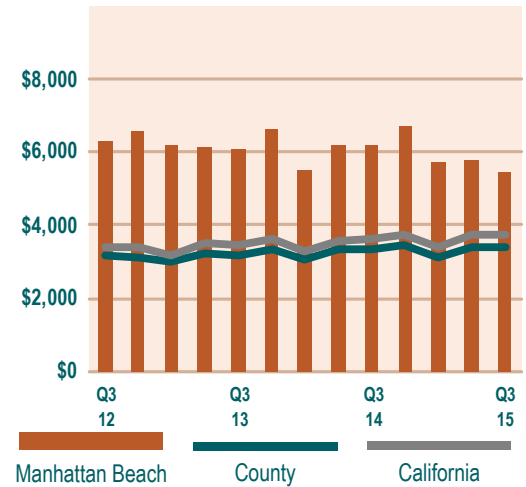
Tax rebates are subject to additional restrictions and reporting requirements in 2016.

Newly adopted Government Code Section 53084.5 prohibits tax sharing agreements that reduce another agency's sales tax if the business generating the tax continues to maintain a physical presence in the losing agency's jurisdiction.

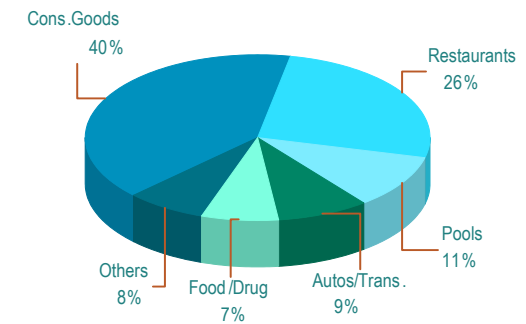
The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial statements with periods beginning after December 15, 2015.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Manhattan Beach This Quarter



**MANHATTAN BEACH TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	Manhattan Beach Q3 '15*	Change	County Change	HdL State Change
Casual Dining	305.0	-0.9%	7.7%	5.6%
Department Stores	— CONFIDENTIAL —	—	-0.2%	-0.6%
Discount Dept Stores	— CONFIDENTIAL —	—	2.5%	2.1%
Electronics/Appliance Stores	227.7	5.7%	4.0%	3.9%
Family Apparel	67.2	10.0%	3.1%	2.2%
Fast-Casual Restaurants	47.0	6.8%	11.8%	10.9%
Fine Dining	125.0	28.7%	10.8%	11.9%
Grocery Stores Liquor	56.9	10.1%	6.5%	3.8%
Home Furnishings	56.6	30.7%	4.8%	5.1%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	7.6%	8.2%
Quick-Service Restaurants	45.0	-1.1%	4.9%	6.7%
Service Stations	112.4	-3.9%	-9.2%	-11.8%
Specialty Stores	85.8	11.1%	9.6%	5.7%
Sporting Goods/Bike Stores	50.4	-15.2%	-0.4%	0.7%
Women's Apparel	83.3	-1.9%	0.3%	-1.0%
<b>Total All Accounts</b>	<b>1,958.0</b>	<b>-11.1%</b>	<b>2.3%</b>	<b>2.3%</b>
<b>County &amp; State Pool Allocation</b>	<b>235.2</b>	<b>-10.3%</b>	<b>3.2%</b>	<b>3.5%</b>
<b>Gross Receipts</b>	<b>2,193.2</b>	<b>-11.0%</b>	<b>2.4%</b>	<b>2.4%</b>