

# Q4 2013



# Monterey County Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (October - December 2013)

## Monterey County In Brief

Receipts for the unincorporated area's October through December sales were 13.0% higher than the same quarter one year ago. Actual sales activity was up 10.9% when reporting aberrations were factored out.

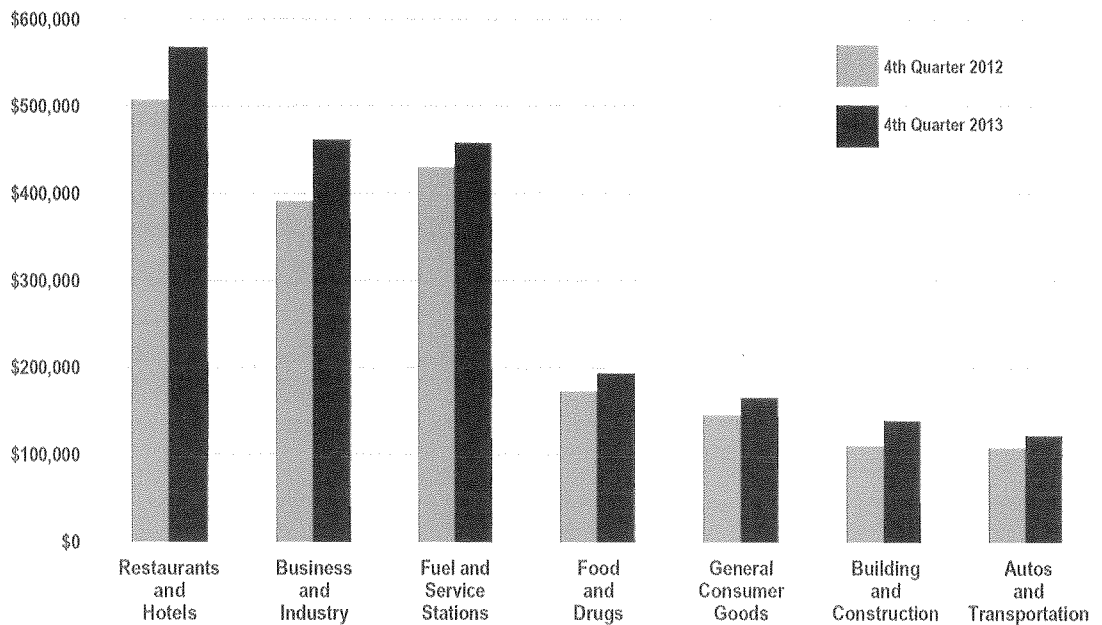
An increase in sales from farm-construction equipment and a new garden-agricultural supply store were largely responsible for the gains from the business-industry sector. The restaurant group benefited from strong sales from hotels with liquor and payment anomalies that exaggerated returns from leisure-entertainment venues.

Fuel and service stations receipts were up; however, a new petroleum product merchant boosted the overall group results. Building and construction materials exhibited a solid quarter with increased sales from contractors and the reopening of a hardware store.

Increased holiday sales of women's apparel, jewelry and art-gift-novelty items boosted revenue from general consumer goods, while the addition of a new package liquor store lifted returns from the food and drug group.

Adjusted for aberrations, taxable sales for all of Monterey County increased 4.8% over the comparable time period, while the Central Coast region as a whole was down 1.0%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS IN ALPHABETICAL ORDER

101 Gas Station	Pebble Beach Resorts
Bernardus Lodge	Prunedale Chevron
C & N Rentals	Quiedan
Carmel Valley Ranch	RDO Agriculture Equipment
Chevron	Safeway
CVS Pharmacy	Shell
Dicks Valero Service	Sturdy Oil
Erema North America	Sturdy Oil Service Station
Gonzales 76	Valero Corner Store
Kristich Monterey Concrete Pipe	Valley Pac Petroleum
McJunkin Supply	Western Oilfields Supply
Monterey Jet Center	
Nepenthe	
Pacific Ag Rentals	

### REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$6,351,044	\$6,814,056
County Pool	690,976	766,941
State Pool	2,527	3,923
Gross Receipts	\$7,044,547	\$7,584,921
Less Triple Flip*	\$(1,761,137)	\$(1,896,230)

\*Reimbursed from county compensation fund

Published by HdL Companies in Spring 2014

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## Statewide Results

Excluding accounting anomalies, the local share of sales and use tax receipts from California's 2013 holiday spending rose 3.4% over the fourth quarter of 2012.

Auto sales and leases and all categories of building and construction materials were substantially up over the previous year while tourism and convenience-driven consumer demand continued to produce healthy gains in restaurant related revenues.

Sales of luxury goods and portable electronics did particularly well while cut backs in food stamp programs and unemployment benefits reduced spending at discount department stores and many value oriented retailers. Generally, the gains in sales from online purchases were higher than for brick and mortar stores.

Rising fuel efficiency resulted in lower receipts from service stations and petroleum supply companies while a slowing pace in solar and alternate energy development reduced use tax receipts from the business/industrial segment.

Spending patterns were fairly consistent throughout most regions.

## E-Commerce Spending Up

Tax receipts from holiday spending on general consumer goods at brick and mortar stores grew by 2.3% over last year's comparable quarter while local tax revenues from online purchases increased 16% and accounted for 10.3% of total general consumer goods sales and use tax receipts.

The rise in online retail shopping accelerates trends that began 20 years ago by sellers of materials and equipment to business and industrial users. Suppliers were able to take advantage of business preferences for the ease

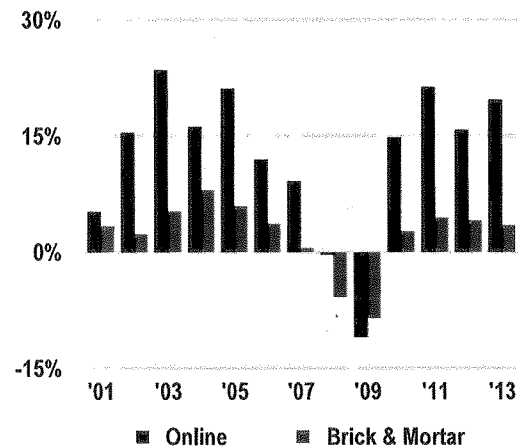
of online ordering by consolidating sales offices and inventories into just a few locations.

However, it was not until social networking and growth in the use of mobile devices that the general public became fully comfortable with online purchasing. Retail analysts expect the trend to expand and every major retailer is testing new concepts to reduce store size and overhead costs by driving more of their sales to centralized web-based order desks.

New technology, recent court decisions and legislative exemptions are constantly reducing what is taxable and has substantially altered the base on which the tax was created in 1933. The concentration of business supplies and now consumer goods into fewer and larger "points of sale" has accelerated competition for what is becoming a diminishing resource. Local governments are now bidding rebates up to 85% of the local tax collected in exchange for location of order desks.

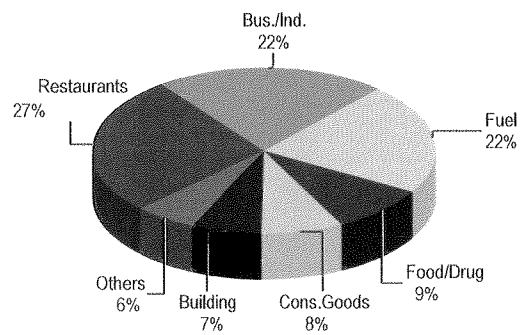
## ONLINE VS. BRICK & MORTAR

Year-Over-Year Percent Growth



## REVENUE BY BUSINESS GROUP

Monterey County This Quarter



## MONTEREY COUNTY TOP 15 BUSINESS TYPES

Business Type	Unincorporated County		County	HdL. State
	Q4 '13*	Change	Change	Change
Casual Dining	85.4	15.5%	6.0%	6.0%
Contractors	100.2	32.4%	24.6%	15.3%
Fine Dining	51.2	2.3%	14.2%	15.1%
Garden/Agricultural Supplies	100.2	-5.6%	1.9%	9.2%
Grocery Stores Beer/Wine	37.5	4.4%	-2.0%	2.2%
Grocery Stores Liquor	88.1	4.2%	23.7%	38.3%
Hotels-Liquor	324.7	6.8%	4.2%	29.1%
Leisure/Entertainment	65.1	37.5%	34.0%	8.7%
Petroleum Prod/Equipment	105.7	32.5%	3.8%	-3.3%
Quick-Service Restaurants	37.1	33.6%	8.3%	7.9%
Service Stations	347.5	0.3%	-0.2%	-2.7%
Specialty Stores	31.9	21.4%	9.6%	7.5%
Used Automotive Dealers	33.5	28.6%	19.8%	16.5%
Warehouse/Farm/Const. Equip.	186.7	41.4%	30.7%	14.5%
Wineries	27.5	-15.8%	12.6%	11.6%
<b>Total All Accounts</b>	<b>\$2,112.1</b>	<b>13.0%</b>	<b>8.4%</b>	<b>8.7%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$252.8</b>	<b>12.5%</b>	<b>7.8%</b>	<b>9.4%</b>
<b>Gross Receipts</b>	<b>\$2,364.9</b>	<b>13.0%</b>	<b>8.3%</b>	<b>8.8%</b>