

Q2 2017



City of Eastvale Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2017)

Eastvale In Brief

Eastvale's receipts from April through June were 28.5% above the second sales period in 2016. Excluding reporting aberrations, actual sales were up 9.2%.

Strong sales growth by multiple business-industry categories helped push revenues. In this same category, a payment that had been mis-allocated in a prior period was corrected.

One-time use tax payments associated with a new business venture added to the overall gain. A double payment along with continued consumer interest in dining out were responsible for the increase for restaurants and hotels.

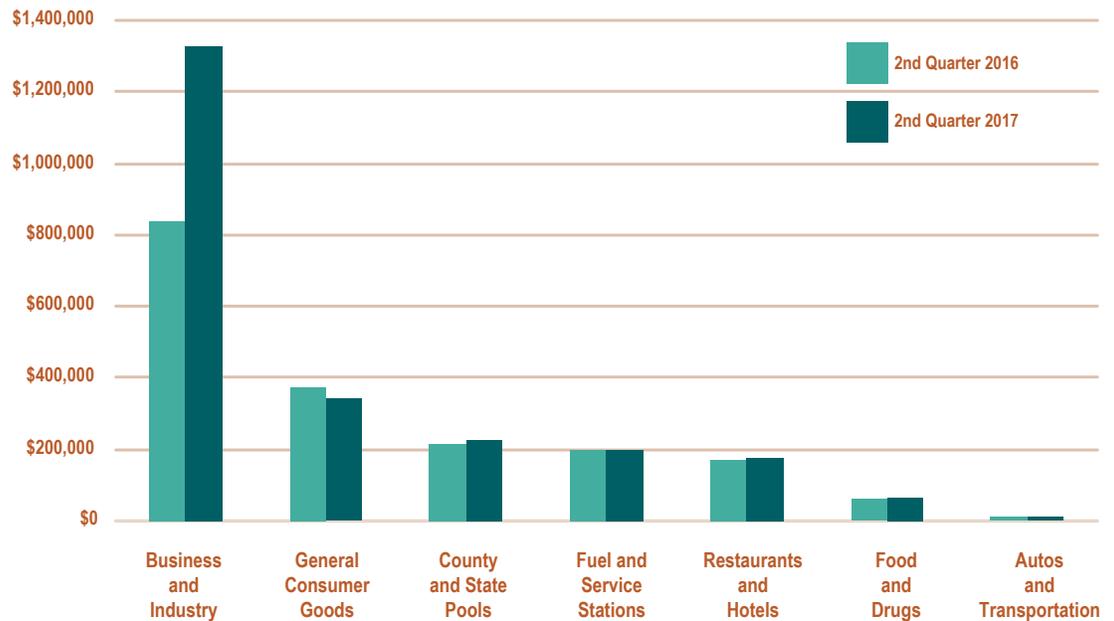
Higher fuel prices resulted in higher sales totals for service stations.

An overdue payment temporarily depressed receipts for electronics-appliance stores. A one-time use tax payment in the prior period skewed results for heavy industrial.

The city's share of the countywide use tax pool increased 7.2% over the comparison period.

Net of aberrations, taxable sales for all of Riverside County grew 5.7% over the comparable time period; the Southern California region was up 3.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Petsmart
Albertsons	Ralphs
American Electric Supply	S G Herrick Corporation
Applebee's	Shamrock Foods Company
Best Buy	Target
Buffalo Wild Wings	TJ Maxx
Chevron	Ulta Beauty
Home Depot	Verizon Wireless
Home Goods	Vons
Kohls	Vons Fuel
Lennox Industries	W W Grainger
McDonalds	Walmart Online
Netrush Com	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2016-17	2017-18
Point-of-Sale	\$1,775,819	\$2,329,474
County Pool	212,538	227,820
State Pool	606	(1,177)
Gross Receipts	\$1,988,964	\$2,556,118
Less Triple Flip*	\$0	\$0

*Reimbursed from county compensation fund

California Overall

Local government's one-cent share of statewide sales and use tax from transactions occurring April through June was 3.2% higher than the same quarter of 2016 after payment aberrations are factored out.

The largest percentage increases were from the countywide allocation pools, building supplies and rising fuel prices. Auto sales and restaurants continued to post solid gains. Except for value priced apparel and dollar stores, most categories of general consumer goods were down or flat with the growth in online shopping shifting tax receipts to in-state distribution centers or to the countywide allocation pools.

Receipts from business and industrial transactions were lower than last year's comparable quarter because of declines in new alternative energy projects. Agricultural and new technology related purchases exhibited healthy gains as did sales of warehouse and construction equipment. Most other categories were down from 2016.

Where does the Money Go?

E-commerce, technology and changing consumer preferences have retailers undergoing a dizzying transformation as they compete for customers through online websites, mobile apps, home delivery, social media, pop-up/flex stores and pick-up lockers as well as traditional brick and mortar businesses.

The changes in how goods are inventoried, sold and delivered has created some confusion in allocating local sales and use tax. However, it still involves three basic principles:

- Location where the sale is negotiated
- Location of goods at time of sale
- Ownership of goods being sold

Place of sale continues to be California's primary rule for allocating local sales tax. If the inventory is owned by the seller and is located in-state, the tax goes to the location that participates in the sale, either by receiving the order or

shipping the goods. If the order is taken outside the state but the seller owns the inventory and delivers the goods from inside California, the tax is allocated to the jurisdiction where the warehouse is located. Otherwise, the tax is shared by all agencies in the county where the goods are shipped on a pro-rata basis through the county allocation pools.

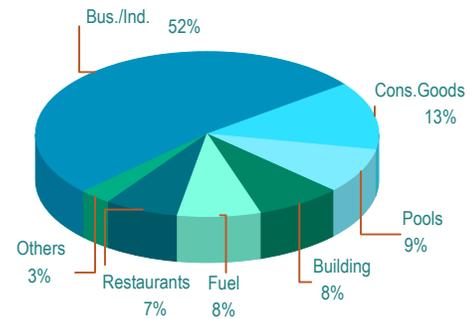
Ownership of the goods being sold is also a factor. In order for an agency to receive a direct allocation of local tax for goods shipped from a California fulfillment center, the location must be the retailer's place of business and not owned or operated by a separate legal entity. If the retailer has no place of business in California, the only opportunity for local tax is an indirect allocation through the countywide pools

For jurisdictions with transactions tax overrides, that tax goes to the place of purchase rather than the place of the seller. For example, the sales tax on the purchase of an automobile goes to the seller's location. However, the transactions tax, if any, goes to the jurisdiction where the buyer's vehicle is registered.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP



EASTVALE TOP 15 BUSINESS TYPES

**In thousands of dollars*

Business Type	Eastvale		County	HdL State
	Q2 '17*	Change	Change	Change
Building Materials	—	CONFIDENTIAL	10.0%	6.0%
Casual Dining	45.6	-7.8%	3.9%	1.8%
Contractors	55.6	710.6%	18.0%	9.6%
Discount Dept Stores	—	CONFIDENTIAL	2.3%	3.2%
Electrical Equipment	—	CONFIDENTIAL	83.7%	3.4%
Electronics/Appliance Stores	79.8	-27.0%	-1.9%	0.3%
Family Apparel	37.5	1.6%	3.7%	4.0%
Fast-Casual Restaurants	55.6	9.9%	14.7%	9.0%
Food Service Equip./Supplies	—	CONFIDENTIAL	4.0%	0.7%
Fulfillment Centers	—	CONFIDENTIAL	671.8%	53.4%
Grocery Stores	—	CONFIDENTIAL	3.6%	2.1%
Office Equipment	—	CONFIDENTIAL	-9.1%	4.0%
Quick-Service Restaurants	72.9	11.4%	7.7%	5.9%
Service Stations	201.0	2.4%	2.1%	8.6%
Specialty Stores	38.0	3.7%	0.9%	1.5%
Total All Accounts	2,329.5	31.2%	10.3%	6.4%
County & State Pool Allocation	226.6	6.3%	-10.6%	-9.9%
Gross Receipts	2,556.1	28.5%	8.0%	4.1%