

# Q1 2016



# City of Eastvale Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2016)

## Eastvale In Brief

Eastvale's receipts from January through March were 8.1% below the first sales period in 2015.

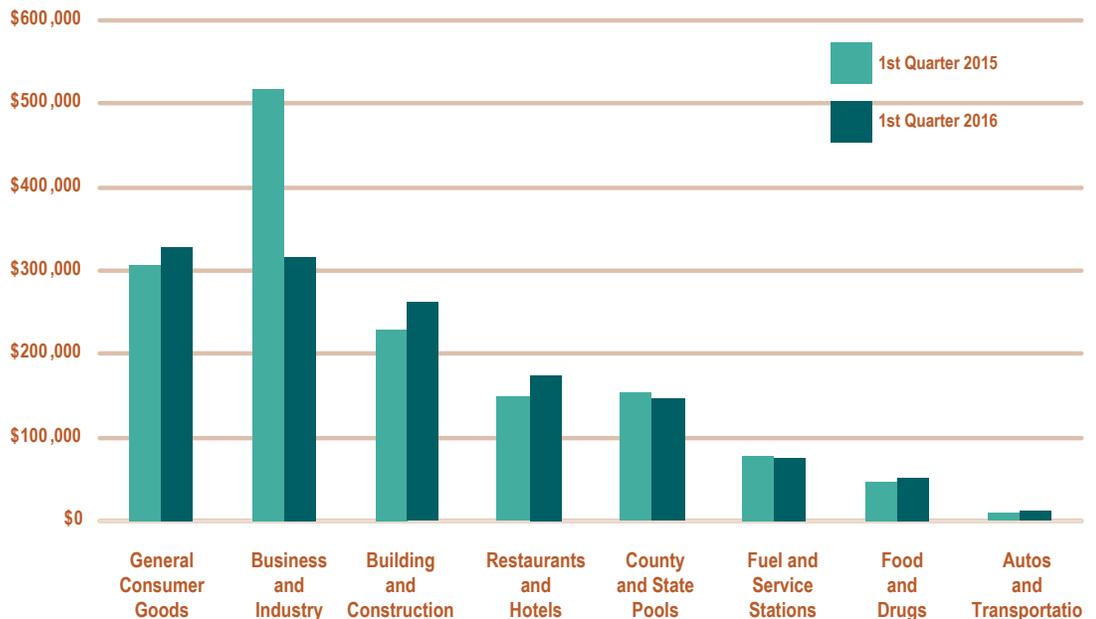
Sharp decreases in sales from multiple business and industry categories were largely responsible for the overall decline in receipts. Continued lower gas prices produced a small decline in service station receipts, although the drop was less than regional and statewide trends.

The City's allocation from the countywide use tax pool decreased 3.0% compared to the prior year.

The gains were partially offset by strong performances from the building and construction sector, food and drugs, and multiple general retail categories including electronics, family apparel and specialty stores. Higher quick-service sales, payment aberrations from casual dining outlets and two new fast casual eateries boosted restaurant results.

Net of aberrations, taxable sales for all of Riverside County grew 3.4% over the comparable time period; the Southern California region was up 3.1%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Albertsons	Shamrock Foods
Applebee's	Sport Chalet
Best Buy	Staples
Buffalo Wild Wings	Target
Carinos Italian Grill	TJ Maxx
Chevron	Ulta
Home Depot	Verizon
Home Goods	Vons
Huber Technology	Vons Fuel
Kohls	W W Grainger
Lennox Industries	Walmart Online
McDonalds	
On The Border	
Petsmart	

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$6,052,527	\$6,578,822
County Pool	629,529	767,575
State Pool	3,974	5,307
<b>Gross Receipts</b>	<b>\$6,686,030</b>	<b>\$7,351,704</b>
<b>Less Triple Flip*</b>	<b>\$(1,671,508)</b>	<b>\$(1,495,779)</b>

\*Reimbursed from county compensation fund

**California Overall**

The local one-cent share of the statewide sales and use tax was 3.1% higher than the year-ago quarter after excluding payment aberrations.

Gains in the countywide use tax pools were the largest contributor to the increase due to the growing impact of online purchases from out-of-state sellers and the corresponding shift of tax revenues from brick and mortar retail stores to fulfillment centers that process orders online. Not surprisingly, areas with concentrations of young, affluent buyers saw the highest online sales growth and the weakest general consumer goods results.

Solid results from auto sales and leases, transportation rentals, contractor supplies and restaurants also contributed to the overall increase.

The 5.6% gain in the business-industry sector was bolstered by onetime receipts for equipment purchases related to alternative energy projects.

Most general consumer goods categories were flat or down, except for specialty stores, electronics-appliance stores and home furnishings, consistent with the trend of consumers buying more from online retailers.

Gains from most other segments were relatively modest, while lower prices at the pump caused an 11.4% decline in fuel tax revenues, extending the decline to a sixth consecutive quarter.

**Robust Growth in Online Sales**

National surveys reveal that consumers buy online to avoid crowds, save time and find better bargains. Online shopping also benefits buyers in rural areas with fewer shopping options.

Total online spending comprised 12.8% of all general consumer goods purchases in 2015, up from 3.4% in 2000.

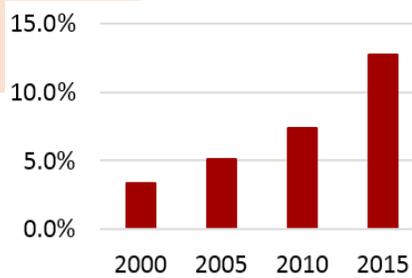
According to Forrester Research, Amazon accounted for 60% of total online sales growth in 2015.

Though the online share of overall sales

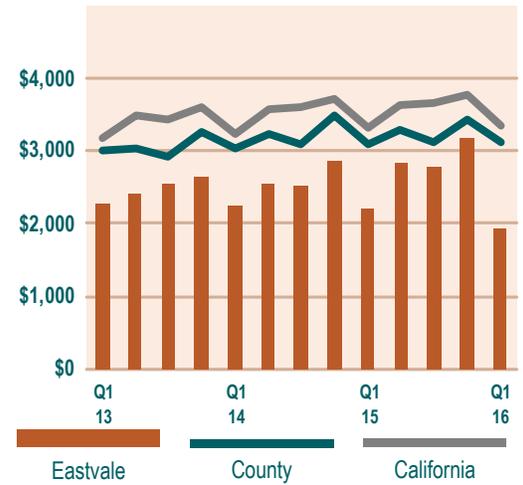
remains relatively modest, the year-over-year growth rate indicates a major shift in retailing is well underway. In response, more and more traditional brick and mortar retailers are opening online sales channels in recognition of this growing trend largely powered by younger buyers.

Department store chains have been particularly hard hit as Amazon has expanded its offerings to include apparel and fashion merchandise. Media reports indicate Macy's recently suffered its worse quarterly sales since the recession, while Nordstrom, J.C. Penney and Kohl's all reported lower sales. Each of these chains has established a solid web presence in a fight to retain market share.

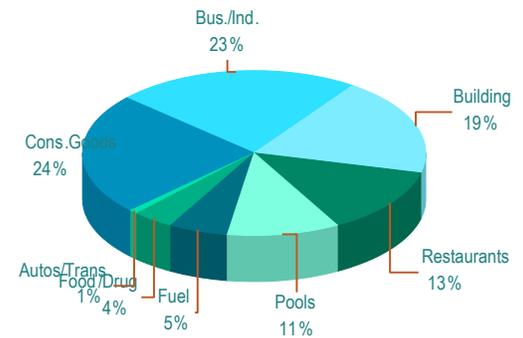
**Online General Consumer Goods  
YOY Percentage Growth**



**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP  
Eastvale This Quarter**



**EASTVALE TOP 15 BUSINESS TYPES**

*\*In thousands of dollars*

Business Type	Eastvale		County	HdL State
	Q1 '16*	Change	Change	Change
Casual Dining	65.5	40.3%	7.5%	5.9%
Contractors	— CONFIDENTIAL —	—	2.6%	1.6%
Department Stores	— CONFIDENTIAL —	—	-4.1%	-4.7%
Discount Dept Stores	— CONFIDENTIAL —	—	0.3%	-0.3%
Electronics/Appliance Stores	86.0	12.1%	13.7%	2.8%
Family Apparel	34.3	9.3%	0.9%	-0.7%
Fast-Casual Restaurants	46.3	29.6%	5.4%	2.8%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	20.9%	-1.4%
Fulfillment Centers	— CONFIDENTIAL —	—	89.3%	33.8%
Grocery Stores Liquor	— CONFIDENTIAL —	—	3.7%	1.6%
Light Industrial/Printers	— CONFIDENTIAL —	—	8.8%	-1.7%
Lumber/Building Materials	— CONFIDENTIAL —	—	0.7%	4.5%
Quick-Service Restaurants	65.3	1.5%	8.0%	6.3%
Service Stations	74.7	-3.0%	-10.3%	-9.3%
Specialty Stores	35.7	17.9%	2.3%	3.4%
<b>Total All Accounts</b>	<b>1,221.4</b>	<b>-8.7%</b>	<b>2.9%</b>	<b>1.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>147.2</b>	<b>-3.5%</b>	<b>8.7%</b>	<b>14.1%</b>
<b>Gross Receipts</b>	<b>1,368.6</b>	<b>-8.1%</b>	<b>3.5%</b>	<b>3.2%</b>