

# Q2 2015



# Laguna Niguel Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2015)

## Laguna Niguel In Brief

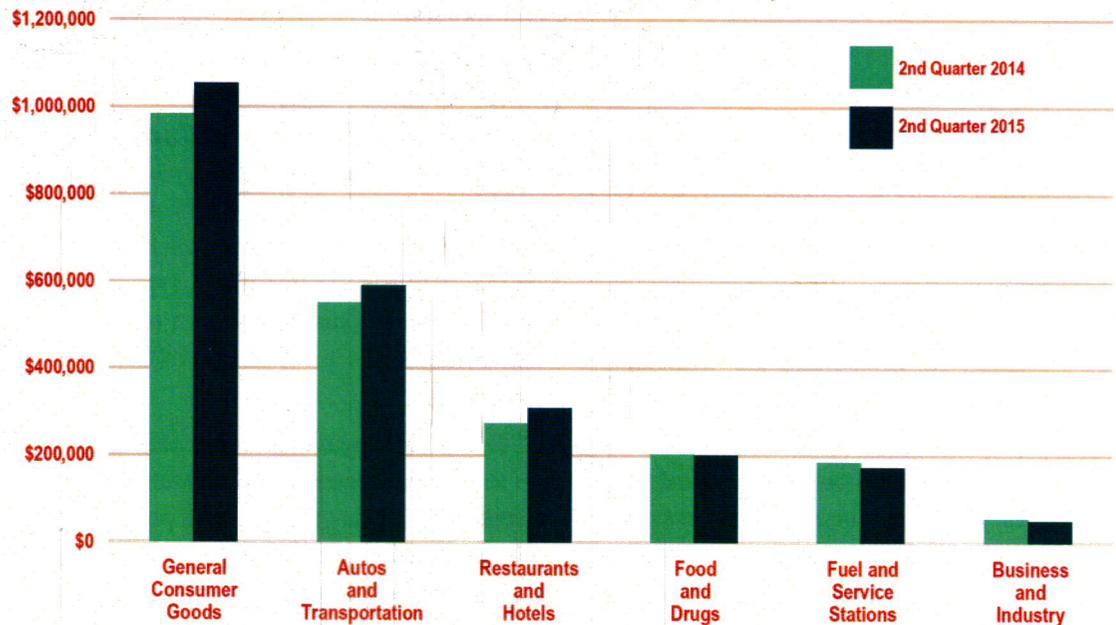
Laguna Niguel's receipts for April through June sales were 7.0% higher than the same quarter one year ago. Actual sales activity was up 1.2% when reporting anomalies were excluded.

New outlets helped family apparel and fast casual restaurants and sales were up from quick service eateries plus some categories within the building and construction group. Accounting events that affected one or both quarters inflated results from the automotive group and several classifications of general consumer goods, including electronics-appliances. Consumer goods totals were actually down 2.1% due to lower postings from several categories, including specialty stores, sporting goods and home furnishings. The allocation from the county pool was also a factor for the overall increase.

Payment anomalies partially offset the impact of lower fuel prices on service station returns, but depressed receipts from the business and industry group.

Net of aberrations, taxable sales for all of Orange County rose 2.8% over the same period; the Southern California region was up 3.2%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Albertsons	Kohls
Allen Cadillac GMC	Laguna Niguel Shell
Allen Hyundai	Mercedes Benz of Laguna Niguel
Arco	Nordstrom Rack
Arco AM PM	Ralphs
Bed Bath & Beyond	Sepulveda Building Materials
BevMo	Tucker Tire
Chevron	Verizon Wireless
Circle K	Vons
Costco	Walmart
CVS Pharmacy	Whole Foods Market
Daimler Trust	
Home Depot	
In N Out Burgers	

### REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$2,450,016	\$2,593,838
County Pool	272,315	319,266
State Pool	1,850	2,170
Gross Receipts	\$2,724,181	\$2,915,274
Less Triple Flip*	\$(681,045)	\$(728,819)

\*Reimbursed from county compensation fund

NOTES

**Statewide Sales Tax Trends**

Excluding accounting aberrations, the local one cent share of statewide sales occurring April through June was 3.4% higher than the comparable quarter of 2014.

Receipts from the countywide use tax allocation pools accounted for the largest portion of the increase reflecting a continuing shift in consumer preferences from brick and mortar stores to online shopping for merchandise shipped from out of state.

Sales and leases of new cars continued to post impressive gains as did contractor supplies and restaurants. Overall gains were offset by a 17.1% decline in receipts from service stations and petroleum related industries.

**The Remaining Fiscal Year**

The state's unemployment rate continues to decline and real disposable income is expected to grow 2.5% to 3.0% in the second half of 2015. This improvement in incomes coupled with easy credit conditions should stimulate an increase in housing starts as well as capital investment in equipment, alternate energy and technology.

The auto industry is anticipating continuing strong sales until tapering to more sustainable levels in 2016-2017. Building and construction, the only retail segment yet to return to pre-recession levels, is gaining momentum in several regions and is expected to account for 10% of sales tax growth in the second half of the fiscal year.

Restaurant sales continue to rise although there are some concerns that the strong dollar may impact sales in areas that cater to tourists from abroad. Gains from consumer goods are expected to be modest with the strong dollar cutting prices of imported goods and an ongoing shift in consumer spending from tangible goods to services, entertainment and other non-taxable purchases.

Gasoline prices remain well below the previous year due to a worldwide glut

of oil. Barring unexpected supply or refinery disruptions, prices are expected to trend lower through the first half of 2015-16 but begin rebounding in the second half.

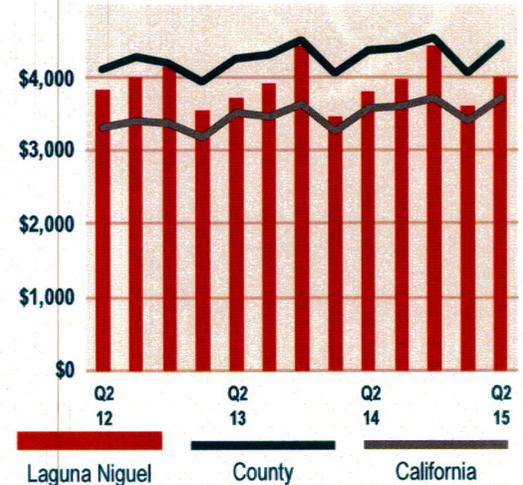
**Internet Sales Tax Proposal**

HR 2775 (The Remote Transaction Parity Act) is a new proposal by Representative Jason Chaffetz (R-Utah) authorizing states to require remote sellers without physical presence in their state to collect state and local sales tax from in-state buyers.

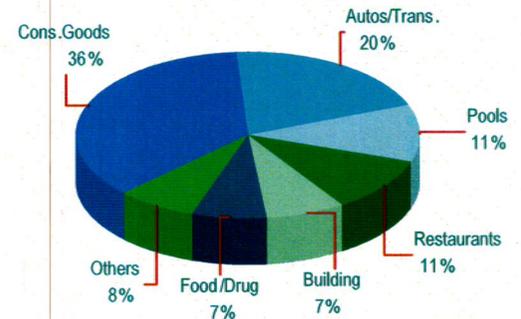
The bill currently has 52 sponsors and attempts to address objections to elements of the Marketplace Fairness Act that preceded it. The proposal provides for a three year phase in for small businesses, prohibits auditing remote sellers with annual sales under \$5 million, and requires states to provide software to enable remote sellers to collect and remit their tax.

The Board of Equalization estimates that local governments in California currently lose approximately \$44 per capita in uncollected sales and use tax on e-commerce purchases.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Laguna Niguel This Quarter



**LAGUNA NIGUEL TOP 15 BUSINESS TYPES**

Business Type	Laguna Niguel		County	HdL State
	Q2 '15*	Change	Change	Change
Auto Lease	— CONFIDENTIAL —	—	21.9%	28.6%
Casual Dining	93.8	2.7%	5.9%	6.1%
Discount Dept Stores	— CONFIDENTIAL —	—	0.1%	-0.1%
Drug Stores	45.6	-8.7%	-8.4%	-8.0%
Electronics/Appliance Stores	— CONFIDENTIAL —	—	-3.3%	-1.3%
Family Apparel	45.9	94.3%	1.8%	2.8%
Fast-Casual Restaurants	68.2	17.7%	6.0%	9.7%
Grocery Stores Beer/Wine	57.8	9.0%	4.3%	2.1%
Grocery Stores Liquor	77.2	-2.6%	4.5%	3.6%
Home Furnishings	73.8	-1.1%	14.0%	7.5%
Lumber/Building Materials	158.2	7.4%	4.5%	4.5%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	6.5%	9.2%
Quick-Service Restaurants	117.5	15.0%	9.4%	9.2%
Service Stations	172.4	-6.9%	-8.1%	-11.7%
Specialty Stores	67.6	-10.9%	7.9%	5.6%
<b>Total All Accounts</b>	<b>2,593.8</b>	<b>5.9%</b>	<b>2.8%</b>	<b>2.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>321.4</b>	<b>17.2%</b>	<b>13.8%</b>	<b>11.8%</b>
<b>Gross Receipts</b>	<b>2,915.3</b>	<b>7.0%</b>	<b>3.9%</b>	<b>3.8%</b>