



City of Oceanside Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2013)

Oceanside In Brief

Receipts for Oceanside's July through September sales were 3.2% higher than the same quarter one year ago. Actual sales activity was up 4.1% when reporting aberrations were factored out.

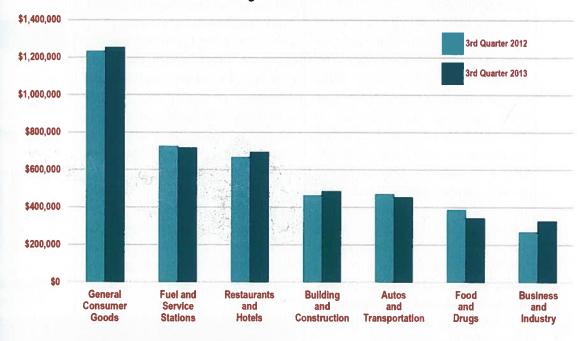
Business and industry experienced a strong sales quarter with gains from electrical equipment and heavy industrial supplies being significant factors. Higher receipts from all types of eateries helped lift the restaurant group.

Receipts from general consumer goods were lifted, in part, by the addition of new retailers; however, the overall gain was inflated by a reporting error. In addition, payment anomalies temporarily boosted the results from building and construction.

The gains were partially offset by sales declines from service stations. Double payments that inflated the comparison quarter exaggerated the losses from food and drugs. A large onetime payment from transportation and rentals was a significant factor in the overall decrease from autos and transportation.

Adjusted for aberrations, taxable sales for all of San Diego County increased 6.1% over the comparable time period, while the Southern California region as a whole was up 5.3%.

SALES TAX BY MAJOR BUSINESS GROUP



Top 25 Producers

7 Eleven Moshen Oil Albertsons Mossy Nissan MWI Apro **Best Buy** Oceanside Gas & Market Chevron One Source Circle K Distributors **CVS Pharmacy** One Source Supply **Express Fuel Solutions** G & M Oil Ralphs Home Depot Ross Kohls San Luis Rev Service Station **McDonalds Target** Melrose Arco Walmart Mission AM PM

REVENUE COMPARISON

Two Quarters - Fiscal Year To Date

	2012-13	2013-14 \$8,587,728	
Point-of-Sale	\$8,311,225		
County Pool	946,782	2 1,065,518	
State Pool	2,594	4,639	
Gross Receipts	\$9,260,601	\$9,657,885	
Less Triple Flip*	\$(2,315,150)	\$(2,414,471)	

*Reimbursed from county compensation fund

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter was temporarily reduced by a state computer glitch that failed to fully fund receipts from sellers of building and construction supplies. Actual sales activity was up 5.8% over last year's comparable quarter after adjusting for this and other aberrations. Overall performance was generally similar throughout most regions of the state.

New and used auto sales and leases again grew at double digit rates and were the primary contributor to the quarter's statewide growth. With on-line sales remaining strong and more businesses reporting due to the state's new out-of-state reporting requirements, countywide pool allocations became the second largest portion of this quarter's overall increase. Recovering building and construction activity was also significant with a 9.7% gain after adjusting for the delayed allocations.

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

Local Sales Tax Measures

Ten of twelve proposals for sales tax add-ons were approved in November as voters continued to support funding local services where they have more input and control.

New taxes were approved in Antioch, Corte Madera, Huron, Larkspur, San Anselmo and Scotts Valley. Existing add-ons were either increased or extended in El Monte, Rohnert Park, San Rafael and Stockton.

This brings the total number of city transactions and use tax districts to 135 and countywide districts to 44. Additional measures are expected to appear on local ballots in 2014.

Tax Rebates

Effective January 1, AB 562 (Williams) requires public notice and hearings on economic subsidies exceeding \$100,000. Identification of beneficiaries of the subsidy, the amounts, the beginning and ending dates and promised tax and job benefits are required as are periodic updates.

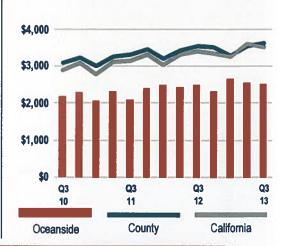
As on-line sales divert a greater portion of tax revenues from business and consumer purchases to centralized fulfillment centers, rebates of up to 85% are being bid in exchange for being the "point of sale" for the remainder. This bill encourages deeper evaluation of agreements that are collectively transferring an alarming share of statewide local sales tax to corporate bottom lines while cutting revenues for public services.

Holiday Sales Tax Shifts

Local tax receipts from fourth quarter sales will not be seen until March but may differ from previous years. Some forecasters predicted that on-

line shopping would account for up to 40% of holiday sales which would transfer that portion of the tax from stores to central fulfillment centers or county allocation pools. Final tax results from holiday spending will be pushed into June based on a National Retail Federation survey that showed 80% of shoppers gave at least one gift card. Tax is not charged until a gift card is redeemed.

SALES PER CAPITA



*In thousands	Oceanside		County	HdL State
Business Type	Q3 '13"	Change	Change	Change
Automotive Supply Stores	85.5	1.1%	5.5%	5.7%
Casual Dining	270.2	3.6%	5.2%	4.0%
Contractors	110.9	392.0%	18.9%	11.1%
Discount Dept Stores	— CONFIDENTIAL —		-4.1%	-8,2%
Electrical Equipment	133.2	33.3%	-23.6%	-3.1%
Electronics/Appliance Stores	145.1	-5.2%	-0.6%	4.0%
Family Apparel	92.9	38.0%	6.0%	5.8%
Grocery Stores Liquor	175.9	-16.0%	-7.0%	-9.7%
Home Furnishings	79.8	-11.1%	8.3%	10.3%
Lumber/Building Materials	296.3	-22.1%	-15.4%	-15.8%
New Motor Vehicle Dealers	177.8	14.8%	12.4%	12.7%
Quick-Service Restaurants	306.1	1.8%	4.0%	3.9%
Service Stations	716.3	1.5%	-2.3%	-1.5%
Specialty Stores	142.1	22.5%	9.2%	7.6%
Sporting Goods/Bike Stores	91.8	-0.7%	4.7%	4.1%
Total All Accounts	\$4,273.2	1.4%	2.4%	2.5%
County & State Pool Allocation	\$548.1	19.9%	21.1%	12.5%
Gross Receipts	\$4,821.3	3.2%	4.2%	3.5%