

Q3 2014



City of Oceanside Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2014)

Oceanside In Brief

Receipts for Oceanside's July through September sales were 11.9% higher than the same quarter one year ago. Actual sales activity was up 1.8% when reporting aberrations were factored out.

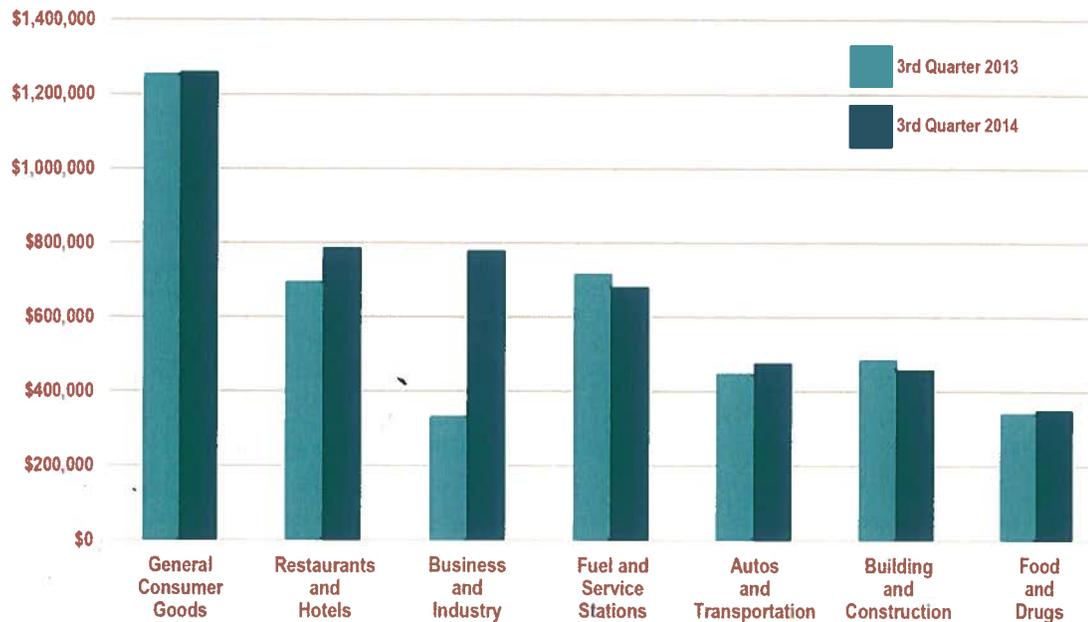
Business and industry posted a significantly large increase, however double payments were responsible for temporarily lifting receipts. Payment anomalies also boosted results from the restaurant group, where new eateries helped contribute to the increase.

Higher receipts from car sales were factors in the overall gain from the autos and transportation group. Sale increases from grocery stores contributed to the positive outcome from food and drugs.

The gains were partially offset by losses from contractor and plumbing/electrical supplies. Service stations also posted sales declines, however the decrease was exaggerated by onetime adjustments. Net of payment deviations, receipts from general consumer goods were down.

Adjusted for aberrations, taxable sales for all of San Diego County increased 4.9% over the comparable time period, while the Southern California region as a whole was up 5.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In ALPHABETICAL ORDER

7 Eleven	Moshen Oil
Albertsons	Mossy Nissan
Arco AM PM	MWI
Best Buy	One Source Distributors
Chevron	One Source Supply Solutions
Circle K	Ralphs
CVS Pharmacy	Ross
Express Fuel	Stater Bros
G & M Oil	Target
Home Depot	United Oil
Kohls	Walmart
Lowe's	
Melrose Arco	
Mission AM PM	

REVENUE COMPARISON

Two Quarters - Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$8,587,728	\$9,112,206
County Pool	1,065,518	1,145,837
State Pool	4,639	6,604
Gross Receipts	\$9,657,885	\$10,264,646
Less Triple Flip*	\$(2,414,471)	\$(2,566,162)

*Reimbursed from county compensation fund

California Overall

With payment aberrations removed, local sales tax revenues rose 5.5% over the comparable quarter of July through September 2013.

The largest gains were from the countywide use tax pools which have been boosted by the rising shift to online shopping and involve a larger portion of goods shipped from out-of-state. Rising sales from auto dealers and restaurants, high tech Silicon Valley business activities, and Southern California construction also contributed.

Among general consumer goods, discount department stores, value priced apparel, home goods, pet and personal care products outperformed other categories.

The Impact of Falling Gas Prices on Sales Tax

Fuel prices plunged to a 5 year low in December with predictions that expanded North American oil production, gains in fuel efficiency and a sluggish international economy will sustain lower gas prices through much of 2015.

Not all of the estimated \$50 to \$75 per month family savings will be spent on taxable goods. Part will be absorbed by rising costs of food and other non-taxable necessities and by the ongoing shift in buying habits from purchases of taxable goods to non-taxable services, cellphone fees and internet access.

Among the various economic segments that make up each agency's sales tax base, grocers, drug stores and restaurants should benefit most. Extra disposable income translates into more travel, dining out and impulse purchases of taxable items while shopping for food and necessities.

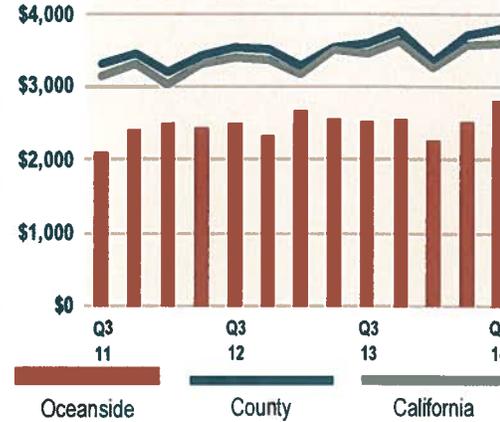
Despite intensive price competition, tax gains from general con-

sumer goods can also be expected although accelerating online shopping will shift much of the growth to the countywide allocation pools rather than brick and mortar stores.

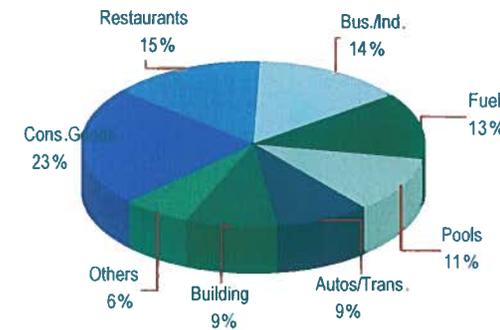
Agencies with auto dealerships are also benefiting as lower fuel prices and increased fuel efficiency have buyers choosing more costly SUVs and accessories. Gains in home improvement purchases are anticipated although the tax will be distributed via countywide pools if the sale includes onsite installation.

The major losing tax segment will be in fuel/service stations. The losses will be partially offset by increased travel/fuel consumption and by added costs associated with new green emission requirements that went into effect January 1. Even so, substantial declines from service stations, truck stops, bulk and jet fuel operators and petroleum industry suppliers should be anticipated. In the business/industry segment, tax from capital investment in new alternative energy and oil production projects is likely to slow.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Oceanside This Quarter



OCEANSIDE TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Oceanside Q3 '14*	Oceanside Change	County Change	HdL State Change
Automotive Supply Stores	84.7	-0.9%	0.2%	-0.2%
Casual Dining	344.3	19.7%	3.2%	5.9%
Contractors	87.0	-21.5%	25.7%	11.7%
Discount Dept Stores	—	CONFIDENTIAL	1.7%	2.5%
Electrical Equipment	—	CONFIDENTIAL	10.3%	8.2%
Electronics/Appliance Stores	153.5	5.8%	7.5%	2.5%
Family Apparel	94.7	1.9%	1.7%	5.9%
Grocery Stores Liquor	163.2	1.5%	6.1%	8.6%
Lumber/Building Materials	305.3	3.0%	-1.6%	4.6%
New Motor Vehicle Dealers	—	CONFIDENTIAL	6.3%	8.0%
Quick-Service Restaurants	321.5	4.7%	9.0%	8.5%
Service Stations	679.7	-5.1%	1.5%	1.2%
Specialty Stores	137.3	-3.4%	1.9%	6.0%
Sporting Goods/Bike Stores	100.4	9.4%	-1.3%	0.8%
Used Automotive Dealers	79.1	43.4%	17.0%	12.4%
Total All Accounts	\$4,787.4	12.0%	6.4%	5.5%
County & State Pool Allocation	\$609.7	11.2%	5.7%	10.2%
Gross Receipts	\$5,397.1	11.9%	6.3%	6.1%