

Q1 2015



City of Oceanside Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2015)

Oceanside In Brief

Receipts for Oceanside's January through March sales were 2.1% higher than the same quarter one year ago.

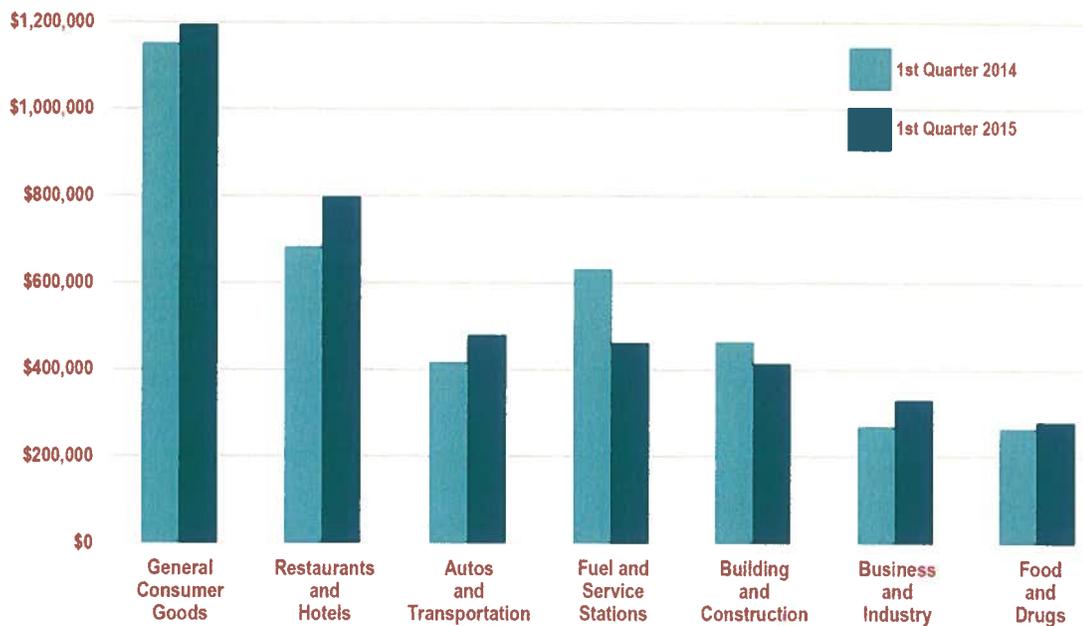
The city experienced a strong sales quarter for autos/transportation, specialty stores, and family apparel retailers. Recent additions helped boost revenues from casual-dining and fast-casual restaurants, grocery stores, used auto dealers, and light industrial/printers.

The city's allocation from the county use tax pool increased 4.0% over the comparison period.

The gains were partially offset by lower gasoline prices that depressed returns from service stations, and a decline in sales from electronic/appliance stores and contractors.

Adjusted for aberrations, taxable sales for all of San Diego County increased 4.5% over the comparable time period, while the Southern California region as a whole was up 3.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

| | |
|-----------------------|---------------|
| Albertsons | Lowes |
| Arco AM PM | McDonalds |
| Best Buy | Melrose Arco |
| Chevron | Mission AM PM |
| Circle K | Moshen Oil |
| CVS Pharmacy | Mossy Nissan |
| Dick's Sporting Goods | MWI |
| Discount Tire | Ross |
| Express Fuel | Stater Bros |
| G & M Oil | Target |
| Home Depot | TJ Maxx |
| Key Equipment Finance | Walmart |
| Kohls | |

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

| | 2013-14 | 2014-15 |
|-----------------------|---------------------|---------------------|
| Point-of-Sale | \$16,806,456 | \$17,412,998 |
| County Pool | 2,203,940 | 2,341,126 |
| State Pool | 11,353 | 11,514 |
| Gross Receipts | \$19,021,749 | \$19,765,638 |
| Less Triple Flip* | \$(4,755,437) | \$(4,941,410) |

*Reimbursed from county compensation fund

California as a Whole

Local one cent tax receipts from sales occurring January through March rose 3.65% over 2014's comparable quarter after adjusting for reporting anomalies.

An exceptionally strong quarter for auto sales/leases and restaurants was the primary contributor to the overall increase. A rise in building-construction materials was also a factor although much of this growth came from specific office and sports facility projects in Northern California.

Gains from sales of general consumer goods were primarily in value priced clothing, home furnishings and specialty retail which includes pet supplies and cosmetics. Online shopping involving goods shipped from out of state continues to shift a major portion of the growth in general consumer goods to the countywide pools.

The statewide gains were largely offset by a 21% decline in receipts from fuel and service stations.

Tax on Services

The Board of Equalization has released an estimate that levying sales and use tax on services would raise over \$122.5 billion in state and local revenues or enough to lower the overall tax rate to under 4%.

Originally imposed in 1933 as a 2 1/2% tax with only three exemptions, the legislature has gradually exempted more and more goods from the sales tax while raising rates to compensate for the corresponding revenue loss. This and the state's shift from a manufacturing to service economy has created the nation's highest sales tax rate on the narrowest basket of goods.

Although more discussion is needed, there is interest in expanding the sales tax to services and lowering the rate to make the tax less regressive and

more competitive while providing greater flexibility in the development of local tax bases.

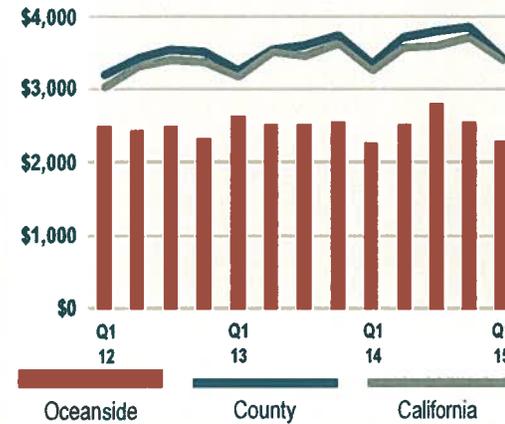
Tax on Jet Fuel

The Federal Aviation Administration has ruled that sales taxes on jet fuel must only be used for airport and aviation programs. The rule applies to taxes levied after 1987 but is unclear as to transactions tax districts, Proposition 172 revenues, or revenues collected by jurisdictions without airports. Clarification will not be available until FAA review and approval of a plan that has to be submitted by the state Department of Finance by December 8, 2015.

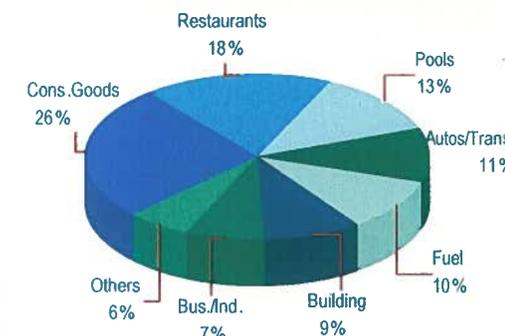
Tax on Marijuana

A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE findings are expected by November 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Oceanside This Quarter



OCEANSIDE TOP 15 BUSINESS TYPES

| Business Type | *in thousands | | | |
|---|-------------------|-------------|---------------|------------------|
| | Oceanside Q1 '15* | Change | County Change | HdL State Change |
| Automotive Supply Stores | 97.8 | 6.8% | 3.6% | 5.2% |
| Casual Dining | 333.9 | 15.0% | 4.7% | 5.1% |
| Contractors | 82.3 | -9.7% | 16.2% | 14.5% |
| Discount Dept Stores | — CONFIDENTIAL — | — | 4.7% | 4.2% |
| Electronics/Appliance Stores | 137.0 | -13.1% | 7.4% | -0.9% |
| Family Apparel | 93.5 | 11.4% | 8.7% | 9.8% |
| Grocery Stores Liquor | 102.8 | 4.2% | 5.2% | 5.1% |
| Home Furnishings | 69.3 | -7.1% | 7.5% | 8.3% |
| Lumber/Building Materials | — CONFIDENTIAL — | — | -1.4% | -2.9% |
| Medical/Biotech | 69.5 | 246.4% | -32.9% | 5.1% |
| New Motor Vehicle Dealers | — CONFIDENTIAL — | — | 8.1% | 11.1% |
| Quick-Service Restaurants | 338.2 | 16.4% | 10.6% | 10.9% |
| Service Stations | 460.8 | -27.1% | -25.2% | -21.9% |
| Specialty Stores | 136.5 | 14.4% | 4.5% | 10.1% |
| Sporting Goods/Bike Stores | 80.4 | 2.4% | 3.3% | 6.9% |
| Total All Accounts | \$3,952.9 | 1.9% | 4.2% | 3.6% |
| County & State Pool Allocation | \$569.8 | 3.3% | 5.7% | 1.1% |
| Gross Receipts | \$4,522.7 | 2.1% | 4.4% | 3.3% |