

# Q4 2019



# City of Oceanside Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2019)

## Oceanside In Brief

Oceanside's receipts from October through December were 3.8% above the fourth sales period in 2018.

The most significant factor in this improvement was a 40% surge in allocations from the countywide use tax pool, which has been boosted by a recent legislative change that allows the State to collect tax revenue from small, third-party sellers on internet-based, market-platforms.

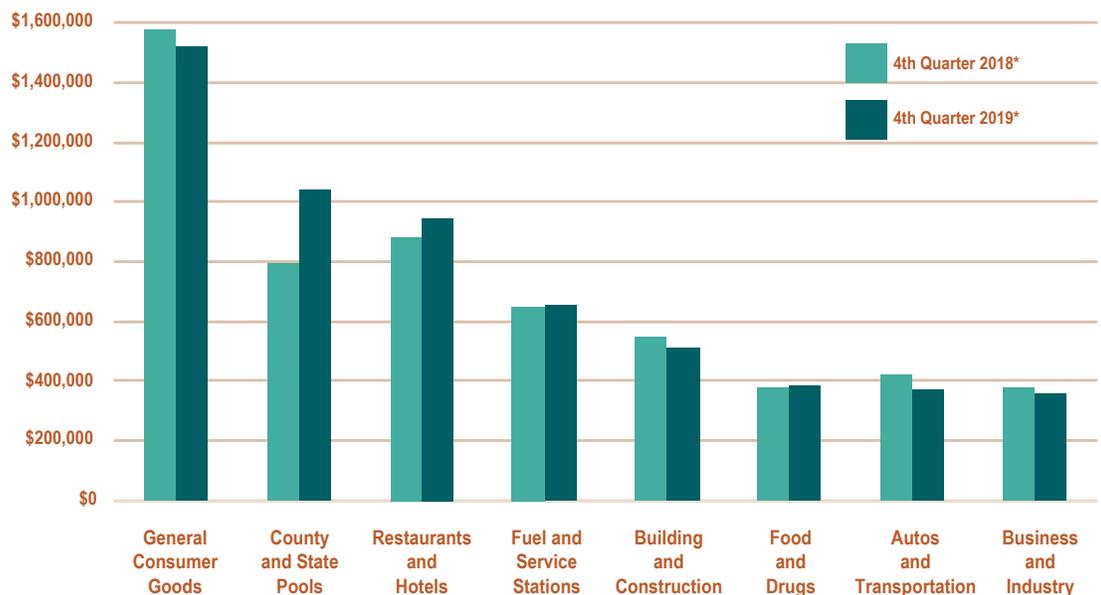
Fast food restaurants fared well this quarter, while a new local grocery store was also positive.

Service station and specialty store receipts declined, but most of these losses were due to anomalies related to payment timing.

Measure X, the City's voter-approved half-cent sales tax, added an additional \$3,589,000 to the amounts previously discussed.

Net of aberrations, taxable sales for all of San Diego County grew 5.6% over the comparable time period; the Southern California region was up 4.4%.

## SALES TAX BY MAJOR BUSINESS GROUP



\*Allocation aberrations have been adjusted to reflect sales activity

### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Albertsons	McDonald's
Arco	Mission Gas & Mini Mart
Best Buy	Mohsen Oil
Chevron	Mossy Nissan
Chick Fil A	Ross
Circle K	Stater Bros
CVS Pharmacy	Superior Ready Mix
G&M	Target
Home Depot	TJ Maxx
In N Out Burger	United Oil
Kohls	Walmart
Krannich Solar West	Supercenter
Lowes	
McDonalds	

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date (Q3 to Q4)

	2018-19	2019-20
Point-of-Sale	\$10,731,378	\$9,943,320
County Pool	1,623,455	1,930,212
State Pool	5,430	4,502
<b>Gross Receipts</b>	<b>\$12,360,264</b>	<b>\$11,878,034</b>
<b>Measure X</b>	<b>\$0</b>	<b>\$6,925,068</b>

**California Overall**

Statewide sales and use tax receipts from 2019's fourth quarter were 4.2% higher than last year's holiday quarter after factoring for accounting anomalies.

The increase came from the acceleration in online shopping which generated huge gains in the countywide use tax pools for merchandise shipped from out-of-state and from California based fulfillment warehouses in those cases where the warehouse is also point-of-sale. This segment was further boosted by the first full quarter of California's implementation of the Wayfair vs South Dakota ruling that requires out-of-state retailers to collect and remit sales tax on merchandise sold to California customers. The ruling has led to an increase in sales tax receipts of roughly \$2.95 per capita while also producing double digit gains for in-state online fulfillment centers.

In contrast, soft sales and closeouts resulted in a decline in almost every category of brick-and-mortar spending during the holiday season while new cannabis retailers helped boost what would have been a soft quarter for the food-drug group. Most other sales categories including new cars and business-industrial purchases were also down. Restaurant group gains were modest compared to previous quarters.

Overall, the rise in county pool receipts offset what would have been otherwise, a flat or depressed quarter for most jurisdictions.

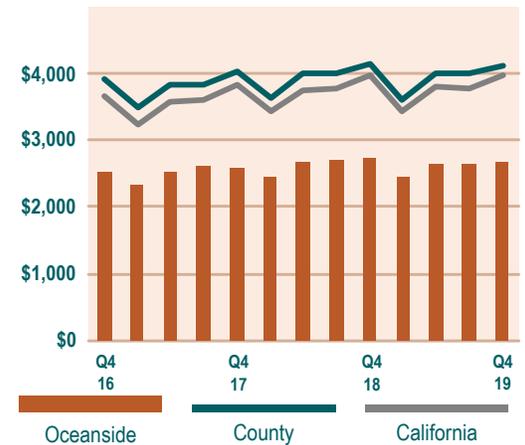
**Covid-19**

The coronavirus impact will first be seen in next quarter's data reflecting January through March sales. Based on recovery rates being reported in some Asian countries, the virus's disruption of supply chains will be deepest in the first and second quarter and largely resolved by mid-summer. However, recovery from social distancing and home confinements could take longer

with the deepest tax declines expected in the restaurant/hospitality, travel/transportation and brick-and-mortar retail segments. Layoffs and furloughs are also expected to reduce purchases of new cars and other high cost durable goods. The losses from the state's high-tech innovation industries may be more modest while the food-drug and online retail groups could exhibit increases.

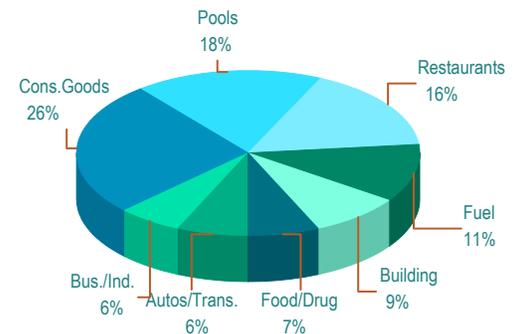
Assuming that the virus is largest contained by the end of September, HdL's economic scenario projects that tax declines will bottom out in the first quarter of 2021 but with only moderate gains for several quarters after. Data from previous downturns suggests that the return to previous spending is not immediate and often evolves. Businesses emerge with ways to operate with fewer employees and more moderate capital investment. Consumers take time to fully get back to previous levels of leisure travel, dining and spending and may permanently transfer to newly discovered services, activities and/or online retail options.

**SALES PER CAPITA\***



\*Allocation aberrations have been adjusted to reflect sales activity

**REVENUE BY BUSINESS GROUP  
Oceanside This Quarter\***



\*Allocation aberrations have been adjusted to reflect sales activity

**OCEANSIDE TOP 15 BUSINESS TYPES\*\***

Business Type	Oceanside		County	HdL State
	Q4 '19*	Change	Change	Change
Auto Repair Shops	73.4	11.4%	-0.9%	-1.0%
Automotive Supply Stores	98.5	-2.3%	1.7%	0.6%
Building Materials	362.3	0.8%	2.8%	1.4%
Casual Dining	407.2	1.9%	4.0%	3.8%
Contractors	117.2	-14.9%	1.4%	-4.4%
Convenience Stores/Liquor	100.7	1.0%	1.2%	-0.3%
Discount Dept Stores	— CONFIDENTIAL —		4.1%	3.6%
Electronics/Appliance Stores	197.3	-5.4%	-6.9%	-6.6%
Family Apparel	181.7	16.4%	2.5%	1.3%
Grocery Stores	220.2	5.4%	3.4%	1.3%
Home Furnishings	78.7	-6.4%	2.7%	-2.1%
New Motor Vehicle Dealers	— CONFIDENTIAL —		-2.1%	-3.4%
Quick-Service Restaurants	422.5	12.2%	2.5%	1.9%
Service Stations	650.2	0.0%	-2.0%	0.2%
Specialty Stores	150.0	-13.6%	-5.0%	-3.8%
<b>Total All Accounts</b>	<b>4,758.4</b>	<b>-1.6%</b>	<b>0.4%</b>	<b>0.2%</b>
<b>County &amp; State Pool Allocation</b>	<b>1,039.0</b>	<b>31.3%</b>	<b>37.7%</b>	<b>26.7%</b>
<b>Gross Receipts</b>	<b>5,797.4</b>	<b>3.0%</b>	<b>5.6%</b>	<b>4.2%</b>

\*\* Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.