

Q3 2015



City of Redlands Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2015)

Redlands In Brief

Redlands's receipts from July through September were 10.6% above the third sales period in 2014. Excluding aberrations, actual sales were up 8.6%.

A very strong quarter for new car sales, an accounting adjustment that depressed results in the comparative quarter for auto supplies, and a newly opened outlet in transportation/rentals boosted autos and transportation, which accounted for almost half of the overall gain in receipts. A large payment aberration that inflated medical/biotech offset a couple business closeouts to produce a gain in business and industry.

Reporting errors again inflated receipts from family apparel, specialty stores and electronics. Absent these errors, general retail sales were down slightly. The restaurant group posted a strong quarter led by quick-service eateries.

Building and construction, food and drugs, and the city's allocation from the countywide use tax pool all posted modest increases.

The gains were partially offset by continued lower gas prices that depressed the fuel group returns.

Net of aberrations, taxable sales for all of San Bernardino County grew 9.9% over the comparable time period; the Southern California region was up 3.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

BD Microbiology System	Marshalls
Burlington Coat Factory	McDonalds
Cal Wholesale Material Supply	Metro Nissan of Redlands
Circle K	Redlands Automotive Sales
Citrus Arco	Redlands Ford
Emerson Ecologics	Redlands Shell
ESRI	Stater Bros
Hatfield Buick & GMC Truck	Tesoro Refining & Marketing
Home Depot	TJ Maxx
Kmart	Tom Bell Chevrolet
Layne Christensen	Tom Bell Toyota
Lowe's	Valero Corner Store
	Walmart

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$5,310,254	\$5,705,375
County Pool	590,888	632,296
State Pool	3,813	2,867
Gross Receipts	\$5,904,955	\$6,340,538
Less Triple Flip*	\$(1,476,239)	\$(1,585,134)

*Reimbursed from county compensation fund

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter were up 2.4% over last year's comparable quarter after adjusting for payment aberrations.

New and used auto sales and leases continued to exhibit solid gains and were the primary contributor to the quarter's statewide growth. The countywide allocation pools were the second largest contributors to the overall gain, boosted by increased online sales activity. The state's travel and tourism industry contributed to a robust increase in receipts from restaurants and hotels. Recovering building and construction activity was also significant with an 8.6% increase over the comparison period.

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

Overall performance was similar throughout most regions of the state, however the effect of lower fuel prices significantly dampened results in portions of the San Joaquin Valley.

Online Retail Sales Continue to Outpace Brick & Mortar Stores

Fourth quarter tax results will not be available until March but preliminary reports indicate holiday purchases from some brick and mortar stores are flat or down from 2014, while the volume of online shopping has set new records.

Although stores are not in danger of disappearing, the trend has many retail chains considering long-term plans for smaller "showroom" units with less square footage, employees, and in-store inventory.

HdL's statewide sales tax database for the first three quarters of 2015 shows that online orders for general consumer goods rose 17.6% over the first three quarters of 2014, while the overall sales gains at brick and mortar stores grew a modest 2.2%.

New Restrictions on Tax Sharing Agreements

Tax rebates are subject to additional restrictions and reporting requirements in 2016.

Newly adopted Government Code Section 53084.5 prohibits tax sharing agreements that reduce another agency's sales tax if the business generating the tax continues to maintain a physical presence in the losing agency's jurisdiction.

The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

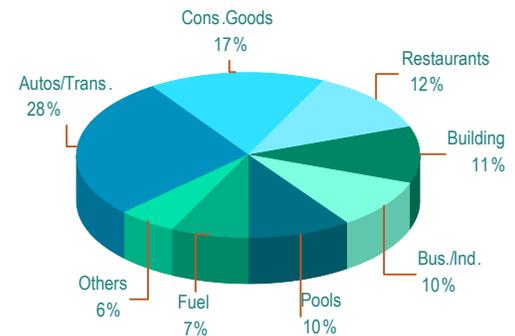
The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial statements with periods beginning after December 15, 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Redlands This Quarter



REDLANDS TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Redlands Q3 '15*	Redlands Change	County Change	HdL State Change
Automotive Supply Stores	52.5	116.1%	10.9%	5.1%
Business Services	—	CONFIDENTIAL	37.2%	1.4%
Casual Dining	138.1	3.0%	4.6%	5.7%
Contractors	56.7	15.3%	45.0%	12.9%
Discount Dept Stores	—	CONFIDENTIAL	2.8%	2.1%
Family Apparel	126.9	42.7%	4.4%	2.2%
Fast-Casual Restaurants	37.6	-3.4%	10.7%	11.0%
Grocery Stores Liquor	113.9	3.1%	7.4%	3.8%
Home Furnishings	39.2	28.7%	9.1%	5.1%
Lumber/Building Materials	287.0	0.5%	2.4%	6.7%
Medical/Biotech	180.4	373.5%	20.0%	-0.7%
New Motor Vehicle Dealers	729.9	17.5%	13.5%	8.2%
Quick-Service Restaurants	180.8	21.1%	3.9%	6.7%
Service Stations	234.3	-10.4%	-8.8%	-11.8%
Specialty Stores	62.5	18.8%	-6.1%	5.7%
Total All Accounts	2,897.3	11.4%	9.5%	2.3%
County & State Pool Allocation	307.3	3.7%	1.9%	3.5%
Gross Receipts	3,204.6	10.6%	8.7%	2.4%