

Q3 2013



City of Glendale Sales Tax Update

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

Glendale In Brief

Receipts for Glendale's July through September sales were 1.8% higher than the same quarter one year ago. Actual sales activity was up 2.0% when reporting aberrations were factored out.

The city experienced a strong sales quarter for restaurants, auto leases, used automotive dealers and department stores. Onetime accounting adjustments inflated results from electronics/appliance stores and specialty stores.

The gains were offset by double-up payments that exaggerated results in the year ago period and caused the drops in grocery stores and lumber/building materials. A business closeout reduced receipts from service stations.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 4.5% 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

In Alphabetical Order

Al Sal 76	Glendale Nissan
Allen Gwynn	Infiniti
Chevrolet	Home Depot
Apple	JC Penney
Arco AM PM Mini Mart	Lexus of Glendale
Bob Smith Toyota	Macys
Calstar Mercedes	New Century Volkswagen
CVS Pharmacy	Nordstrom
Daimler Trust	Pacific BMW
Diamond Honda	Ralphs
Financial Services Vehicle Trust	Star Ford Lincoln
Glendale Dodge	Target
Chrysler Jeep	Toyota Scion of Glendale
Glendale Mitsubishi	Vons

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$13,327,140	\$13,502,187
County Pool	1,511,966	1,516,195
State Pool	4,200	7,193
Gross Receipts	\$14,843,305	\$15,025,575
Less Triple Flip*	\$(3,710,826)	\$(3,756,394)

*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 up-dates.

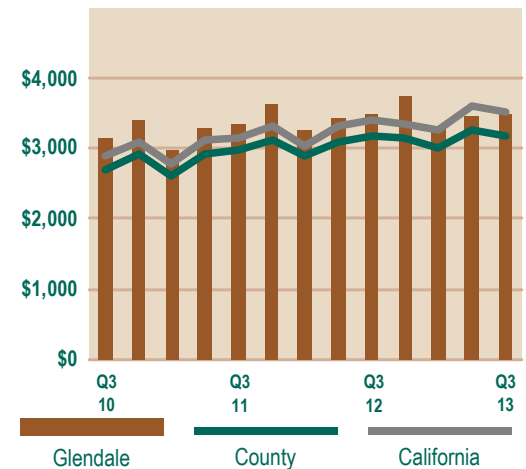
As on-line sales divert a greater portion of tax revenues from business and consumer purchases to centralized fulfillment centers, rebates of up to 85% are being bid in exchange for being the "point of sale" for the remainder. This bill encourages deeper evaluation of agreements that are collectively 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



GLENDALE TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Glendale Q3 '13*	Glendale Change	County Change	HdL State Change
Auto Lease	294.0	11.3%	17.1%	18.1%
Casual Dining	349.0	9.0%	1.8%	1.9%
Department Stores	436.1	3.9%	2.1%	1.8%
Discount Dept Stores	—CONFIDENTIAL—	—	-10.8%	-8.2%
Electronics/Appliance Stores	269.3	13.4%	3.4%	4.2%
Family Apparel	387.1	-1.9%	6.6%	5.6%
Grocery Stores Liquor	196.6	-22.9%	-20.5%	-9.8%
Home Furnishings	108.8	2.2%	7.7%	10.3%
Lumber/Building Materials	236.6	-10.4%	-18.1%	-15.8%
New Motor Vehicle Dealers	1,386.9	-0.1%	9.1%	12.8%
Plumbing/Electrical Supplies	92.5	10.5%	6.0%	4.0%
Quick-Service Restaurants	344.9	3.0%	3.9%	4.1%
Service Stations	537.0	-4.3%	-1.2%	-1.5%
Specialty Stores	216.0	10.3%	6.1%	7.7%
Women's Apparel	163.0	-0.3%	6.7%	1.1%
Total All Accounts	\$6,772.5	0.7%	1.4%	2.5%
County & State Pool Allocation	\$815.1	11.4%	12.1%	12.5%
Gross Receipts	\$7,587.6	1.8%	2.4%	3.5%