

# Q4 2013



# City of Glendale Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (October - December 2013)

## Glendale In Brief

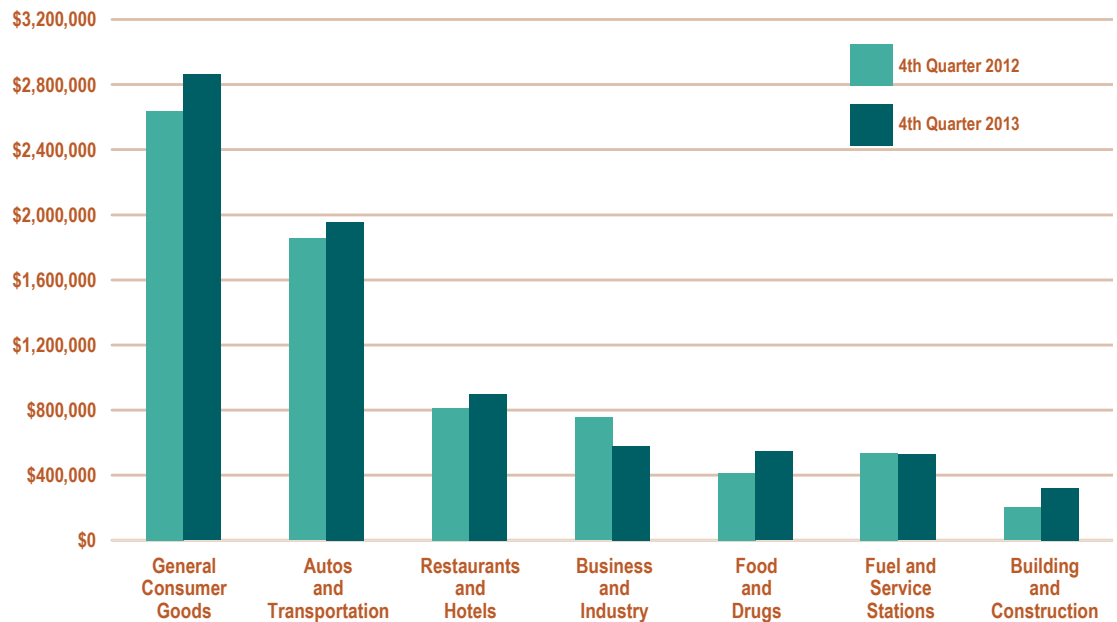
Glendale's allocation of sales and use tax revenues from its October through December sales was skewed by reporting anomalies in the grocery and lumber-building material categories. Actual sales activity was up 4.2% after these and other aberrations were factored out.

Generally solid holiday sales and recent additions to the auto, department store and restaurant categories contributed to the overall increase.

The gains were partially offset by declines in fuel usage and pricing, previous closeouts in the home furnishings category and cutbacks in purchases of business-industrial goods and equipment

Adjusted for aberrations, sales and use tax receipts for all of Los Angeles County increased 1.7% over the comparable time period while Southern California as a whole was up 2.7%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Allen Gwynn Chevrolet	Lexus of Glendale
Apple	Macys
Bloomingdales	Marshalls
Bob Smith Toyota	Nordstrom
Calstar Mercedes	Pacific BMW
Diamond Honda	Ralphs
Financial Services Vehicle Trust	Sears
Glendale Dodge Chrysler Jeep	Star Ford Lincoln
Glendale Nissan Infiniti	Target
Glendale Subaru/Mitsubishi	Tesoro Refining & Marketing
Home Depot	Toyota of Glendale Scion
JC Penney	Video Equipment Rental
	Vons

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$20,538,453	\$21,197,724
County Pool	2,470,237	2,495,348
State Pool	9,444	12,530
<b>Gross Receipts</b>	<b>\$23,018,133</b>	<b>\$23,705,602</b>
Less Triple Flip*	\$(5,754,533)	\$(5,926,400)

\*Reimbursed from county compensation fund

**Statewide Results**

Excluding accounting anomalies, the local share of sales and use tax receipts from California's 2013 holiday spending rose 3.4% over the fourth quarter of 2012.

Auto sales and leases and all categories of building and construction materials were substantially up over the previous year while tourism and convenience-driven consumer demand continued to produce healthy gains in restaurant related revenues.

Sales of luxury goods and portable electronics did particularly well while cut backs in food stamp programs and unemployment benefits reduced spending at discount department stores and many value oriented retailers. Generally, the gains in sales from online purchases were higher than for brick and mortar stores.

Rising fuel efficiency resulted in lower receipts from service stations and petroleum supply companies while a slowing pace in solar and alternate energy development reduced use tax receipts from the business/industrial segment.

Spending patterns were fairly consistent throughout most regions.

**E-Commerce Spending Up**

Tax receipts from holiday spending on general consumer goods at brick and mortar stores grew by 2.3% over last year's comparable quarter while local tax revenues from online purchases increased 16% and accounted for 10.3% of total general consumer goods sales and use tax receipts.

The rise in online retail shopping accelerates trends that began 20 years ago by sellers of materials and equipment to business and industrial users. Suppliers were able to take advantage of business preferences for the ease

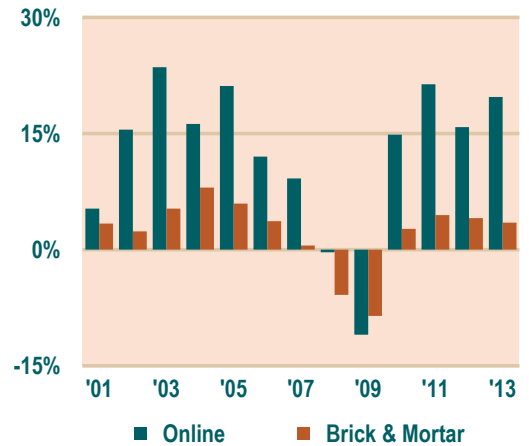
of online ordering by consolidating sales offices and inventories into just a few locations.

However, it was not until social networking and growth in the use of mobile devices that the general public became fully comfortable with online purchasing. Retail analysts expect the trend to expand and every major retailer is testing new concepts to reduce store size and overhead costs by driving more of their sales to centralized web-based order desks.

New technology, recent court decisions and legislative exemptions are constantly reducing what is taxable and has substantially altered the base on which the tax was created in 1933. The concentration of business supplies and now consumer goods into fewer and larger "points of sale" has accelerated competition for what is becoming a diminishing resource. Local governments are now bidding rebates up to 85% of the local tax collected in exchange for location of order desks.

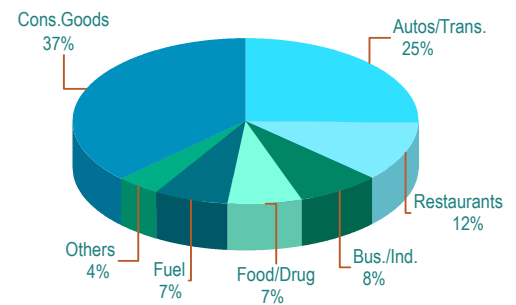
**ONLINE VS. BRICK & MORTAR**

Year-Over-Year Percent Growth



**REVENUE BY BUSINESS GROUP**

Glendale This Quarter



**GLENDALE TOP 15 BUSINESS TYPES**

Business Type	*In thousands			
	Glendale Q4 '13*	Glendale Change	County Change	HdL State Change
Auto Lease	294.7	0.4%	26.7%	29.0%
Casual Dining	406.1	17.3%	5.5%	5.7%
Department Stores	733.2	22.6%	2.3%	1.6%
Discount Dept Stores	— CONFIDENTIAL —	—	-0.2%	0.1%
Electronics/Appliance Stores	352.8	6.4%	1.2%	-0.7%
Family Apparel	540.1	6.2%	7.2%	6.8%
Grocery Stores Liquor	270.4	71.2%	99.0%	38.3%
Home Furnishings	124.1	-9.2%	6.1%	7.9%
Light Industrial/Printers	113.8	0.9%	2.3%	7.9%
Lumber/Building Materials	142.8	205.0%	342.4%	264.3%
New Motor Vehicle Dealers	1,390.7	5.8%	6.4%	9.4%
Quick-Service Restaurants	366.1	6.6%	6.5%	7.8%
Service Stations	526.6	-0.6%	-4.9%	-2.7%
Specialty Stores	265.6	10.6%	4.9%	7.7%
Women's Apparel	213.6	1.4%	5.9%	2.7%
<b>Total All Accounts</b>	<b>\$7,695.5</b>	<b>6.7%</b>	<b>8.0%</b>	<b>8.7%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$984.5</b>	<b>2.2%</b>	<b>3.4%</b>	<b>9.4%</b>
<b>Gross Receipts</b>	<b>\$8,680.0</b>	<b>6.2%</b>	<b>7.4%</b>	<b>8.8%</b>