

Q3 2014



City of Glendale Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2014)

Glendale In Brief

Receipts for Glendale's July through September sales were 33.8% higher than the same quarter one year ago. However, a potentially limited allocation in the business and industry sector exaggerated results. Actual sales activity was up 14.4% when these proceeds and reporting aberrations were removed.

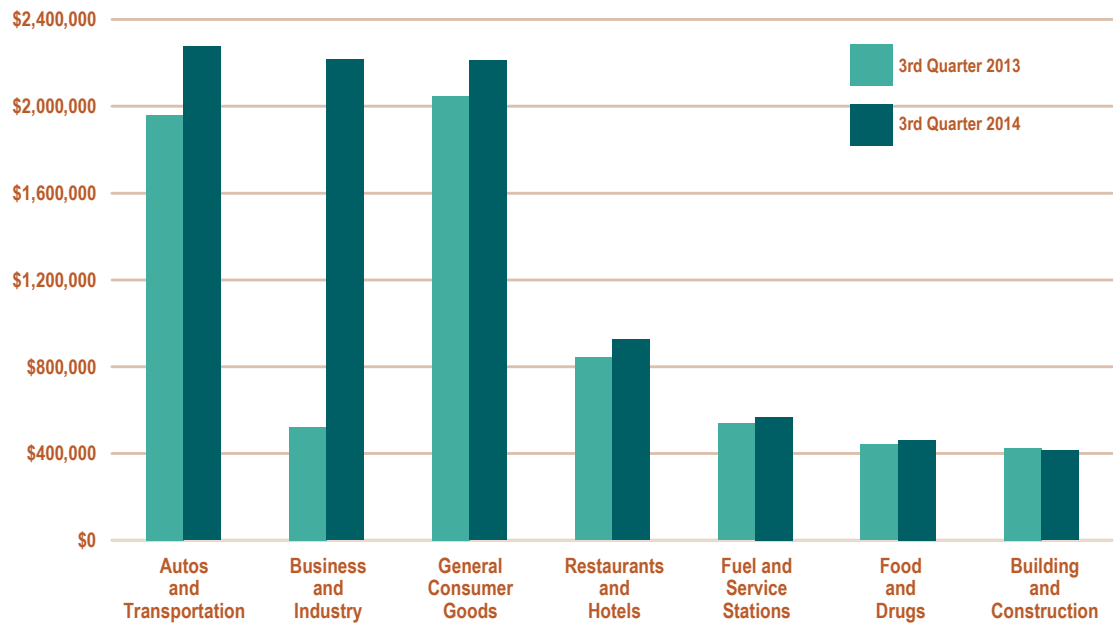
Recent additions along with strong sales helped boost revenues from new motor vehicle dealers, restaurants and several categories of general consumer goods.

An unusually high payment inflated receipts from motion pictures/equipment. The city's allocation from the countywide use tax pool also increased overall results.

The gains were partially offset by a double-up payment that inflated year ago returns and caused the drop in lumber/building materials.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 5.7% over the comparable time period, while the Southern California region as a whole was up 5.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Allen Gwynn Chevrolet	JC Penney
Apple	Lexus of Glendale
Bloomingtons	Macys
Bob Smith Toyota	Nordstrom
Calstar Mercedes	Pacific BMW
Car Pros Kia	Sourceone Healthcare Technologies
CDW Direct	Star Ford Lincoln
Diamond Honda	Target
Financial Services Vehicle Trust	Toyota Lease Trust
Glendale Dodge Chrysler Jeep	Toyota of Glendale Scion
Glendale Nissan Infiniti	Video Equipment Rental
Glendale Subaru/Mitsubishi	Vons
Home Depot	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$13,502,187	\$17,137,186
County Pool	1,516,195	2,000,087
State Pool	7,193	12,314
Gross Receipts	\$15,025,575	\$19,149,587
Less Triple Flip*	\$(3,756,394)	\$(4,787,397)

*Reimbursed from county compensation fund

California Overall

With payment aberrations removed, local sales tax revenues rose 5.5% over the comparable quarter of July through September 2013.

The largest gains were from the countywide use tax pools which have been boosted by the rising shift to online shopping and involve a larger portion of goods shipped from out-of-state. Rising sales from auto dealers and restaurants, high tech Silicon Valley business activities, and Southern California construction also contributed.

Among general consumer goods, discount department stores, value priced apparel, home goods, pet and personal care products outperformed other categories.

The Impact of Falling Gas Prices on Sales Tax

Fuel prices plunged to a 5 year low in December with predictions that expanded North American oil production, gains in fuel efficiency and a sluggish international economy will sustain lower gas prices through much of 2015.

Not all of the estimated \$50 to \$75 per month family savings will be spent on taxable goods. Part will be absorbed by rising costs of food and other non-taxable necessities and by the ongoing shift in buying habits from purchases of taxable goods to non-taxable services, cellphone fees and internet access.

Among the various economic segments that make up each agency's sales tax base, grocers, drug stores and restaurants should benefit most. Extra disposable income translates into more travel, dining out and impulse purchases of taxable items while shopping for food and necessities.

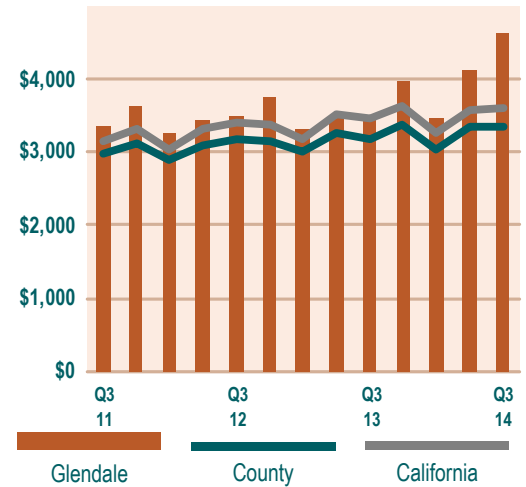
Despite intensive price competition, tax gains from general con-

sumer goods can also be expected although accelerating online shopping will shift much of the growth to the countywide allocation pools rather than brick and mortar stores.

Agencies with auto dealerships are also benefiting as lower fuel prices and increased fuel efficiency have buyers choosing more costly SUVs and accessories. Gains in home improvement purchases are anticipated although the tax will be distributed via countywide pools if the sale includes onsite installation.

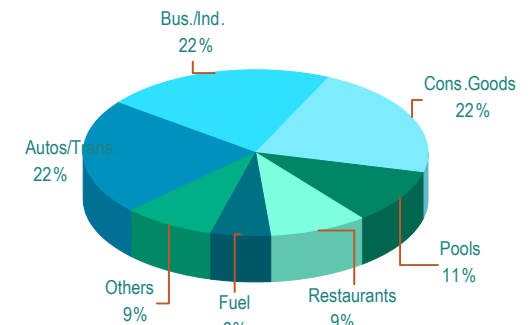
The major losing tax segment will be in fuel/service stations. The losses will be partially offset by increased travel/fuel consumption and by added costs associated with new green emission requirements that went into effect January 1. Even so, substantial declines from service stations, truck stops, bulk and jet fuel operators and petroleum industry suppliers should be anticipated. In the business/industry segment, tax from capital investment in new alternative energy and oil production projects is likely to slow.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Glendale This Quarter



GLENDALE TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Glendale Q3 '14*	Glendale Change	County Change	HdL State Change
Auto Lease	328.4	11.7%	5.6%	3.2%
Casual Dining	399.0	8.3%	5.7%	6.0%
Department Stores	525.0	20.4%	1.0%	0.8%
Discount Dept Stores	CONFIDENTIAL	CONFIDENTIAL	2.5%	2.5%
Electronics/Appliance Stores	279.6	3.7%	1.9%	2.5%
Family Apparel	407.5	5.3%	6.6%	5.9%
Grocery Stores Liquor	184.8	5.9%	12.8%	8.6%
Lumber/Building Materials	194.0	-18.0%	0.4%	4.7%
Motion Pictures/Equipment	169.7	149.0%	-40.9%	-36.9%
New Motor Vehicle Dealers	1,667.2	20.2%	7.6%	8.0%
Office Supplies/Furniture	CONFIDENTIAL	CONFIDENTIAL	51.9%	-0.1%
Quick-Service Restaurants	352.1	3.1%	8.2%	8.5%
Service Stations	566.8	5.6%	-2.2%	1.2%
Specialty Stores	225.5	3.8%	7.4%	6.0%
Women's Apparel	152.5	-6.5%	3.0%	-1.0%
Total All Accounts	\$9,070.0	33.9%	5.7%	5.5%
County & State Pool Allocation	\$1,080.6	32.6%	4.6%	10.2%
Gross Receipts	\$10,150.6	33.8%	5.6%	6.1%