

Q2 2015



City of Glendale Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (April - June 2015)

Glendale In Brief

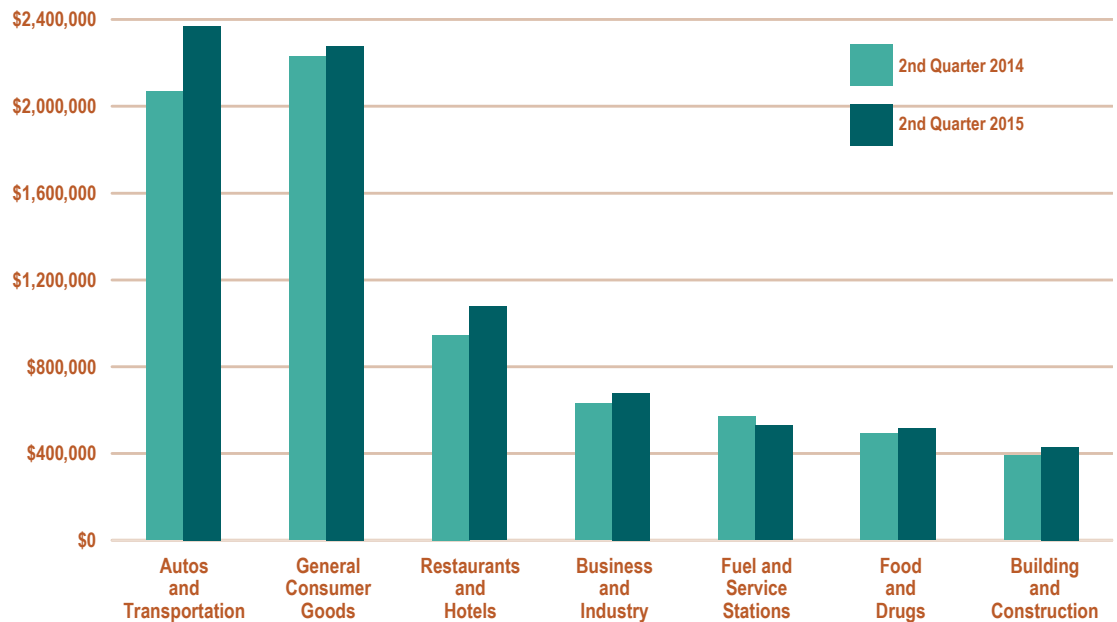
Glendale's allocation of sales and use tax from its April through June sales was 12.1% higher than the same quarter one year ago after factoring out onetime accounting adjustments and potential future take aways.

A solid quarter for new car sales and leases, consumer electronics and suppliers to the motion picture and entertainment industry all contributed to the overall increase. Restaurants, building-construction materials and grocers also posted strong gains.

The rise in revenues were partially offset by declining fuel prices. Receipts from several categories of general consumer goods were also down or exhibited relatively soft gains which reflects the growing trend toward shopping online via the internet rather than stores and where much of the merchandise is shipped from out-of-state.

Adjusted for aberrations, sales and use tax receipts for all of Los Angeles County rose 2.6% over the comparable time period while Southern California as a whole, was up 3.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Allen Gwynn Chevrolet	Home Depot
Apple	JC Penney
Bloomingdales	Lexus of Glendale
Bob Smith Toyota	Macys
Calstar Mercedes	Nordstrom
Car Pros Kia Glendale	Pacific BMW
Circle K 76	Ralphs
Diamond Honda	Star Ford Lincoln
Financial Services Vehicle Trust	Target
Glendale Dodge Chrysler Jeep	Toyota Lease Trust
Glendale Nissan Infiniti	Toyota Scioto of Glendale
Glendale Subaru/Mitsubishi	Video Equipment Rental
	Vons

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$8,067,146	\$10,778,404
County Pool	925,684	1,401,960
State Pool	6,111	9,073
Gross Receipts	\$8,998,941	\$12,189,438
Less Triple Flip*	\$(2,249,735)	\$(3,047,359)

*Reimbursed from county compensation fund

Statewide Sales Tax Trends

Excluding accounting aberrations, the local one cent share of statewide sales occurring April through June was 3.4% higher than the comparable quarter of 2014.

Receipts from the countywide use tax allocation pools accounted for the largest portion of the increase reflecting a continuing shift in consumer preferences from brick and mortar stores to online shopping for merchandise shipped from out of state.

Sales and leases of new cars continued to post impressive gains as did contractor supplies and restaurants. Overall gains were offset by a 17.1% decline in receipts from service stations and petroleum related industries.

The Remaining Fiscal Year

The state's unemployment rate continues to decline and real disposable income is expected to grow 2.5% to 3.0% in the second half of 2015. This improvement in incomes coupled with easy credit conditions should stimulate an increase in housing starts as well as capital investment in equipment, alternate energy and technology.

The auto industry is anticipating continuing strong sales until tapering to more sustainable levels in 2016-2017. Building and construction, the only retail segment yet to return to pre-recession levels, is gaining momentum in several regions and is expected to account for 10% of sales tax growth in the second half of the fiscal year.

Restaurant sales continue to rise although there are some concerns that the strong dollar may impact sales in areas that cater to tourists from abroad. Gains from consumer goods are expected to be modest with the strong dollar cutting prices of imported goods and an ongoing shift in consumer spending from tangible goods to services, entertainment and other non-taxable purchases.

Gasoline prices remain well below the previous year due to a worldwide glut

of oil. Barring unexpected supply or refinery disruptions, prices are expected to trend lower through the first half of 2015-16 but begin rebounding in the second half.

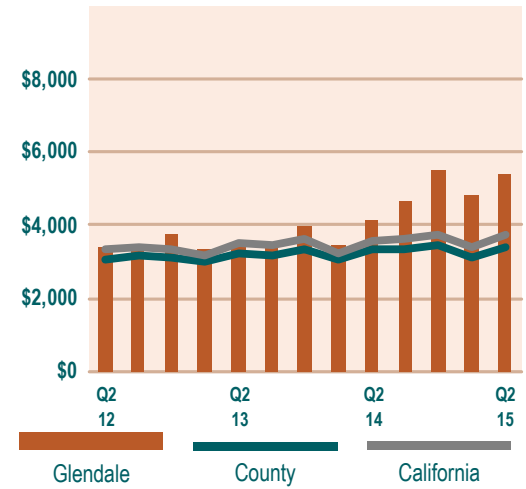
Internet Sales Tax Proposal

HR 2775 (The Remote Transaction Parity Act) is a new proposal by Representative Jason Chaffetz (R-Utah) authorizing states to require remote sellers without physical presence in their state to collect state and local sales tax from in-state buyers.

The bill currently has 52 sponsors and attempts to address objections to elements of the Marketplace Fairness Act that preceded it. The proposal provides for a three year phase in for small businesses, prohibits auditing remote sellers with annual sales under \$5 million, and requires states to provide software to enable remote sellers to collect and remit their tax.

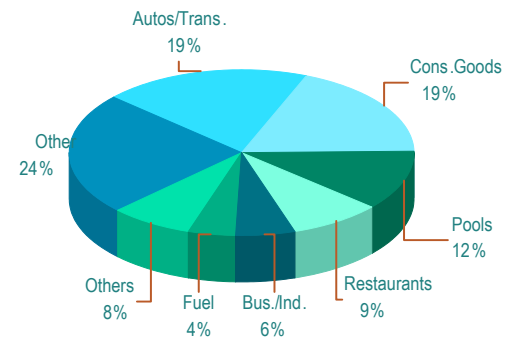
The Board of Equalization estimates that local governments in California currently lose approximately \$44 per capita in uncollected sales and use tax on e-commerce purchases.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Glendale This Quarter



GLENDALE TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Glendale Q2 '15*	Glendale Change	County Change	HdL State Change
Auto Lease	386.3	18.0%	25.6%	28.4%
Casual Dining	460.0	9.6%	5.9%	6.1%
Department Stores	543.8	-1.0%	-0.8%	-2.1%
Discount Dept Stores	— CONFIDENTIAL —		-0.4%	-0.1%
Electronics/Appliance Stores	295.4	24.2%	-4.9%	-1.5%
Family Apparel	429.9	3.0%	4.8%	2.8%
Grocery Stores Liquor	203.2	1.0%	2.7%	3.6%
Lumber/Building Materials	201.0	3.0%	2.5%	4.5%
Motion Pictures/Equipment	— CONFIDENTIAL —		10.1%	13.6%
New Motor Vehicle Dealers	1,691.1	15.6%	10.4%	9.2%
Quick-Service Restaurants	422.9	18.0%	8.2%	9.2%
Receivables/Master Outlets	2,899.4	292.0%	147.2%	98.4%
Service Stations	526.4	-7.5%	-15.7%	-11.7%
Specialty Stores	243.5	7.0%	6.8%	5.6%
Women's Apparel	153.0	-14.9%	-4.9%	-3.7%
Total All Accounts	10,778.4	33.6%	1.8%	2.8%
County & State Pool Allocation	1,411.0	51.4%	15.4%	11.8%
Gross Receipts	12,189.4	35.5%	3.2%	3.8%