

# Q1 2013



# City of Glendale Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2013)

## Glendale In Brief

Receipts from first quarter sales were 3.5% ahead of the same sales period a year ago.

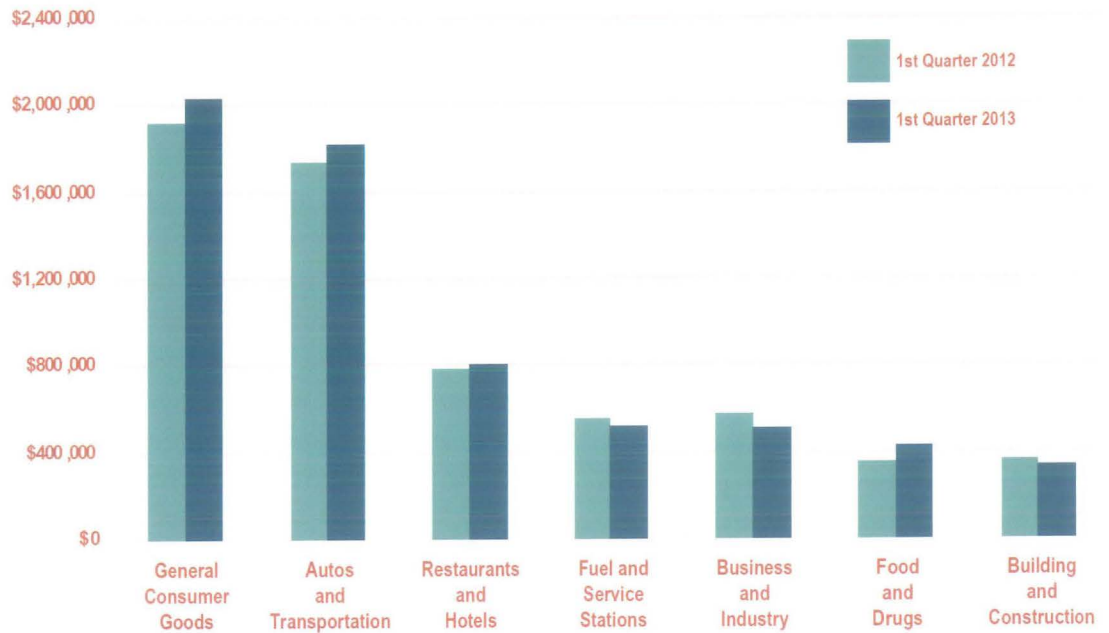
Among major industry groups, autos and transportation, general consumer goods, food and drugs, and restaurants and hotels groups showed positive results. New business additions supplemented restaurant proceeds and also boosted package liquor store totals in the food and drugs group and women's apparel amounts in the general consumer goods category.

Building and construction receipts were down but only after retroactive payment adjustments temporarily inflated year-ago proceeds.

Business and industry and fuel and service station comparisons were down in real terms though after factoring out accounting adjustments, fuel and service station amounts were only marginally lower than in the prior year. Onetime payment anomalies combined with business closeouts and changes in points of sale skewed comparisons in several business and industry segments.

Net of reporting aberrations, all of Los Angeles County was up 4.9%; statewide sales grew 6.5%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Al Sal 76	JC Penney
Allen Gwynn Chevrolet	Lexus of Glendale
Apple	Macys
Bob Smith Toyota	New Century Volkswagen
Calstar Mercedes	Nordstrom
CVS Pharmacy	Pacific BMW
Diamond Honda of Glendale	Ralphs
Financial Services Vehicle Trust	Star Ford Lincoln
Glendale Dodge Chrysler Jeep	Target
Glendale Mitsubishi	Tesoro Refining & Marketing
Glendale Nissan Infiniti	Toyota of Glendale
Home Depot	Video Equipment Rental
	Vons

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$26,033,661	\$26,989,091
County Pool	2,870,445	3,223,039
State Pool	9,571	14,107
<b>Gross Receipts</b>	<b>\$28,913,677</b>	<b>\$30,226,237</b>
Less Triple Flip*	\$(7,228,419)	\$(7,556,559)

\*Reimbursed from county compensation fund

### California Overall

After adjusting for payment aberrations, statewide sales tax receipts for January through March sales were 6.5% higher than the same period in 2012.

Strong sales for apparel, department stores and big box discounters lifted general consumer goods and accounted for 23% of the statewide increase. Improvements in the housing sector pushed building and construction sales up 8.6%. Continued robust sales of new automobiles led to a 9.3% increase over the comparable quarter. Reduced consumption combined with lower gasoline prices cut fuel and service station returns in the first quarter by 2.7%.

### Energy Projects Boost Business and Industry Gains

Taxes from construction of solar, wind, biomass and geothermal power projects accounted for 39% of California's business-to-business sales this quarter and produced significant windfalls for a handful of local agencies.

This temporary boost in revenues came from the federal government's goal of doubling the nation's renewable energy production in three years and from California's SB 2X which was signed in April of 2011 and calls for 33% of all retail electricity sales to be from renewable energy sources by 2020. Joint federal and state funding efforts to meet these goals have resulted in the initiation of more than a dozen utility-scale solar energy projects and over 130 renewable power plant projects in California.

Intermittent quarterly spikes in sales and use tax receipts from projects under construction or in the pipeline are expected for another two years.

### Decline in Fuel Consumption Continues

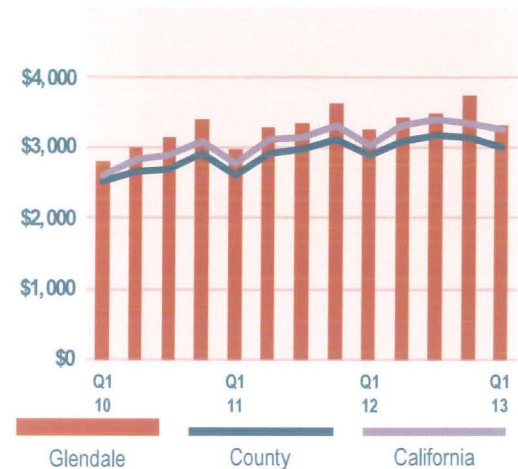
According to the most recent data from the State Board of Equalization, California's gasoline usage fell 1.7% while diesel consumption eased 0.4% in the fourth quarter of 2012 from 2011 levels. This continues a decline that began in 2005 and which is almost twice the nationwide drop.

Historically, economic conditions have been the primary driver in fuel usage, however other factors are becoming increasingly prevalent. Nationally, total vehicle miles traveled have dropped eight years in a row as aging drivers travel fewer miles and the millennial generation, focused on social networking technology, is driving less than previous generations. Increased fuel efficiency is also at play with the average new car achieving 16% more miles per gallon than just five years ago and some

commercial trucking fleets shifting to natural gas.

Until recently, price increases have offset consumption declines. The price gains were partly the result of California refineries exporting their finished product to emerging economies with higher demand and also by periodic refinery and transmission interruptions in the state's limited production infrastructure.

### SALES PER CAPITA



### GLENDALE TOP 15 BUSINESS TYPES

Business Type	Glendale		County	HdL State
	Q1 '13*	Change	Change	Change
Auto Lease	279.2	11.1%	18.1%	37.4%
Department Stores	385.6	0.5%	4.6%	5.1%
Discount Dept Stores	— CONFIDENTIAL —		5.4%	5.1%
Electronics/Appliance Stores	282.7	12.4%	-0.6%	-3.3%
Family Apparel	381.9	4.5%	16.7%	16.3%
Grocery Stores Liquor	196.7	44.3%	64.0%	24.7%
Lumber/Building Materials	182.0	-13.5%	-1.5%	7.2%
Motion Pictures/Equipment	123.8	-8.7%	-85.6%	-73.5%
New Motor Vehicle Dealers	1,287.7	2.1%	4.5%	9.5%
Restaurants Beer And Wine	126.6	8.3%	-1.7%	-1.4%
Restaurants Liquor	310.8	4.7%	7.7%	6.5%
Restaurants No Alcohol	348.7	-1.7%	4.4%	6.0%
Service Stations	518.4	-4.5%	-6.0%	-2.2%
Specialty Stores	202.0	7.3%	-4.5%	2.4%
Women's Apparel	166.3	1.5%	14.4%	14.6%
<b>Total All Accounts</b>	<b>\$6,450.6</b>	<b>2.6%</b>	<b>5.0%</b>	<b>5.7%</b>
<b>County &amp; State Pool Allocation</b>	<b>757.5</b>	<b>12.4%</b>		
<b>Gross Receipts</b>	<b>\$7,208.1</b>	<b>3.5%</b>		<i>*In thousands</i>