

Q3 2014



San Fernando Sales Tax *Update*

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

San Fernando In Brief

Receipts for San Fernando's July through September sales were 4.9% higher than the same quarter one year ago. However declines from building & construction caused by a temporary payment deviation that inflated the comparison period and skewed the results. Actual sales activity was up 15.2% when reporting aberrations were factored out.

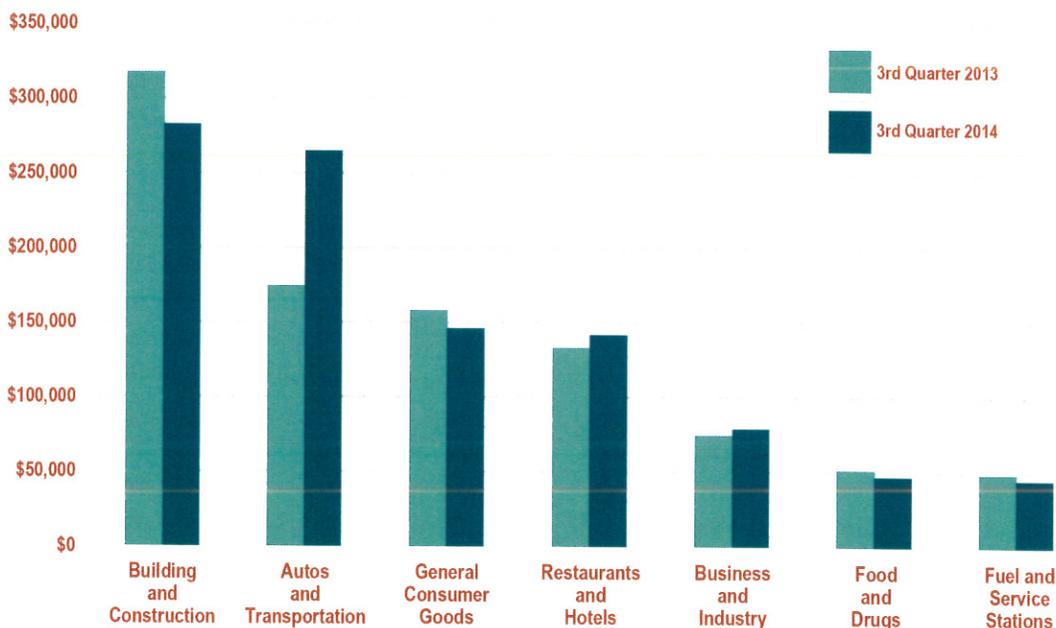
The city experienced continued growth from autos & transportation largely due to the addition of a new vendor. Continued consumer interest in dining out contributed to modest gains in the restaurant group.

The closeout of a retailer and the correction of prior misallocated payments softened overall gains in general consumer goods.

The city's voter approved half-cent transaction tax, Measure "R", generated an additional \$510,986.

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

Acey Decy Lighting	Pep Boys
Arco	Pool & Electrical Products
Arroyo Building Materials	PRG
Asian Tasty	Rydell Chrysler Dodge Jeep Ram
Casco	Sams Club
El Pollo Loco	Southland Lighting
El Super	T Mobile
Global HVAC Distributors	TMB Production Supplies & Services
Goodman Distribution	Truman 76
Home Depot	Vallarta Supermarket
Honda Lease Trust	Western Motor Sport
McDonalds	WSS
Nachos Ornamental Supply	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$1,747,018	\$1,906,494
County Pool	197,412	222,492
State Pool	906	1,370
Gross Receipts	\$1,945,335	\$2,130,356
Less Triple Flip*	\$(486,334)	\$(532,589)
Gross Trans. Tax	\$7,246	\$1,055,179

*Reimbursed from county compensation fund

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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.

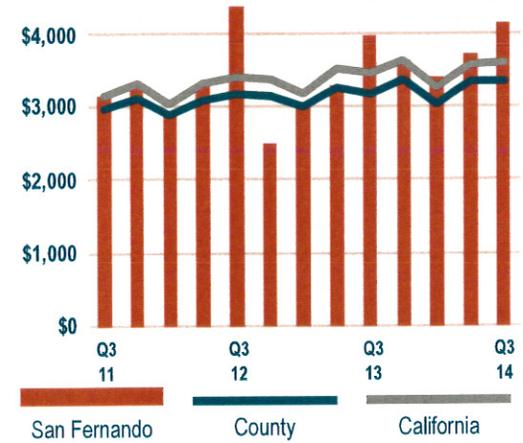
Despite intensive price competition, tax gains from general con-

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.

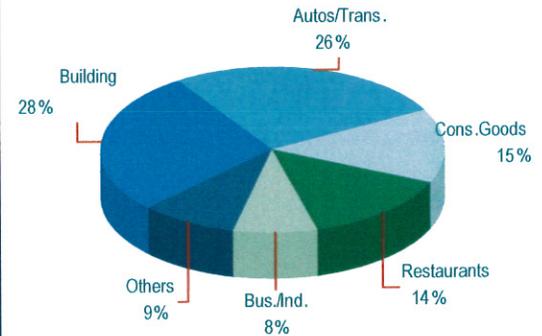
The major losing tax segment will be in fuel/service stations. The losses will be partially offset by increased travel/fuel consumption and by added costs associated with new green emission requirements that went into effect January 1. Even so, substantial declines from service stations, truck stops, 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

San Fernando This Quarter



SAN FERNANDO TOP 15 BUSINESS TYPES

Business Type	San Fernando		County	HdL State
	Q3 '14*	Change	Change	Change
Auto Lease	—	CONFIDENTIAL	5.6%	3.0%
Auto Repair Shops	15.9	18.1%	12.4%	6.5%
Automotive Supply Stores	26.9	5.5%	-0.6%	-0.1%
Casual Dining	29.8	3.7%	5.6%	5.8%
Contractors	60.3	3.6%	6.5%	14.2%
Discount Dept Stores	—	CONFIDENTIAL	2.5%	2.5%
Electrical Equipment	—	CONFIDENTIAL	1.1%	7.8%
Electronics/Appliance Stores	15.3	-36.2%	2.1%	3.0%
Grocery Stores Liquor	33.7	-16.2%	12.3%	8.4%
Lumber/Building Materials	—	CONFIDENTIAL	0.4%	4.3%
New Motor Vehicle Dealers	—	CONFIDENTIAL	7.6%	8.0%
Plumbing/Electrical Supplies	—	CONFIDENTIAL	13.9%	10.2%
Quick-Service Restaurants	107.1	4.1%	8.3%	8.5%
Repair Shop/Equip. Rentals	27.7	90.2%	-3.7%	0.3%
Service Stations	44.5	-6.5%	-2.2%	1.2%
Total All Accounts	\$1,004.7	5.0%	5.7%	5.5%
County & State Pool Allocation	\$119.7	4.0%	4.6%	10.2%
Gross Receipts	\$1,124.4	4.9%	5.6%	6.1%