

# Q4 2014



# City of Hollister Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (October - December 2014)

## Hollister In Brief

Receipts for Hollister's October through December sales were 8.8% higher than the same quarter one year ago. Actual sales rose 3.1% when accounting anomalies were excluded.

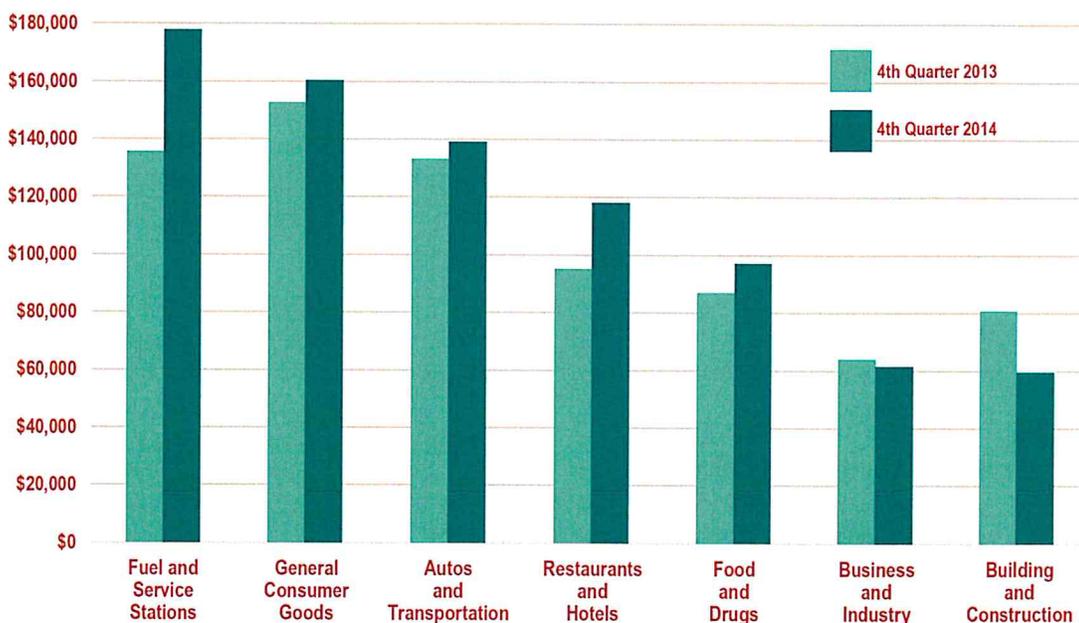
Sales increased from several categories of general consumer goods and the automotive group overall. Accounting events that affected one or both periods overstated gains from casual dining, grocery-liquor and light industrial-printers and masked declines from service stations and drugs-chemicals.

Payment anomalies depressed comparisons for some classifications within the building and construction group, including contractor supplies. Prior business close-outs pared receipts from the business and industry group and partially offset increases in the automotive group.

Proceeds from voter-approved Measure E totaled \$1,135,526 for the quarter in addition to the amounts discussed above, including \$40,568 due from other periods.

Adjusted for aberrations, taxable sales for all of San Benito County decreased 4.3% over the same period; the Central Coast region as a whole was up 3.7%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Ace Hardware & Lumber	McKinnon Lumber
AZ Electronics Materials	Miyako Japanese Restaurant
Brigantino Irrigation	Nob Hill General Store
Ciminos Cabinet Doors	Quik Stop Market
Gateway Arco AM PM	Ranch Gas & Food
Greenwood Chevrolet Buick GMC	Rite Aid
Hollister Chevron	Safeway
Jack in the Box	Safeway Gasoline
K Mart	Save Mart
KMG Electronics Chemicals	Shop N Save
McDonalds	Target
	Tiffany Ford Lincoln Mercury
	Tiger Express Mart
	Verizon Wireless

## REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$2,268,098	\$2,521,838
County Pool	348,886	424,971
State Pool	1,387	2,219
Gross Receipts	\$2,618,371	\$2,949,027
Less Triple Flip*	\$(654,593)	\$(737,257)
Measure E	\$3,188,254	\$3,374,868

**Holiday Quarter Up**

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter (October – December) of 2014 were 3.6% higher than last year's holiday quarter.

The gain was primarily due to continued strong demand for new cars and trucks, increased restaurant patronage and a rise in the countywide "use tax" allocation pools resulting from a shift to online shopping where much of the merchandise is shipped from out of state. General consumer goods sales allocated via the pools rose 22% during this holiday quarter versus an increase in tax receipts from brick and mortar stores of only 2.8%.

Robust sales for building and construction materials added to the overall increase which was largely offset by significant declines in revenues from petroleum related industries and service stations.

**Gasoline Supply and Demand**

Statewide, fourth quarter's tax receipts from fuel and service stations dropped 10.4% from the previous year. Prices rebounded in the first quarter of 2015 due to refinery shutdowns and labor strife but remained well below the prior year due to a worldwide supply glut and weak demand.

Spending cuts by oil producers and a sharp decline in the number of rigs drilling for crude in the U.S. could reduce output and place upward pressure on prices in the second half of 2015. However, improved fuel efficiency and demographic changes continue to reduce demand for gasoline, with consumption at the lowest it has been in 30 years.

From 2008 through 2014 Californians purchased just over 10 million new vehicles, with mileage ratings almost 22% higher than those they replaced. Also, usage has further declined as baby boomers age into retirement and millennials increasingly favor public transportation and car services that make owning a vehicle less necessary.

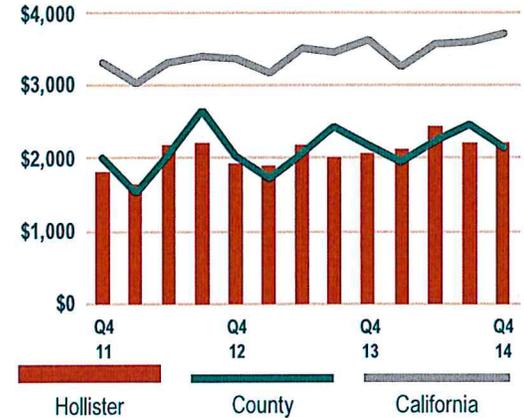
**Triple Flip Unwind**

In March 2004, California voters approved Proposition 57, the California Economic Recovery Bond Act that authorized the issuance of \$15 billion in "Economic Recovery Bonds" to close the state's operating budget deficit.

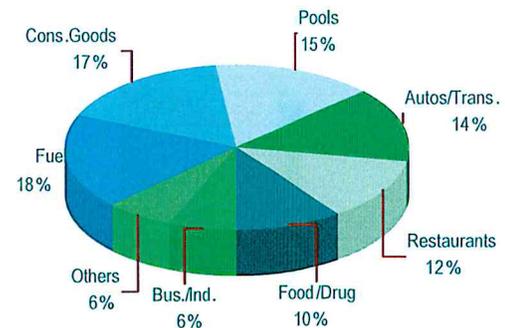
The Bradley-Burns local sales tax rate was decreased from 1 percent to 0.75 percent and the diverted 0.25 percent rate was pledged to repay the bonds. The state then directed that counties reimburse local governments for the 0.25 percent loss with property tax from the Educational Revenue Augmentation Fund (ERAF) set up for schools and then reimburse schools for the ERAF loss from the State General Fund. The funding scheme became known as the "Triple Flip."

The governor's FY 2014-15 state budget currently provides for retiring the bonds as early as July 2015. If carried out as planned, local agencies would receive their final "true-ups" of triple flip reimbursements in the first half of 2016 and the full one cent Bradley-Burns tax reinstated in their second quarter 2016 receipts.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Hollister This Quarter



**HOLLISTER TOP 15 BUSINESS TYPES**

Business Type	Hollister		County	HdL State
	Q4 '14	Change	Change	Change
Automotive Supply Stores	27,713	2.4%	9.0%	2.0%
Casual Dining	51,502	42.5%	37.1%	6.3%
Contractors	22,738	-35.2%	-13.4%	8.9%
Discount Dept Stores	— CONFIDENTIAL —		0.3%	0.9%
Drug Stores	15,750	13.7%	13.7%	-2.3%
Drugs/Chemicals	25,757	42.2%	-34.1%	8.8%
Electronics/Appliance Stores	16,765	10.2%	10.2%	1.3%
Garden/Agricultural Supplies	16,953	1.2%	2.5%	5.8%
Grocery Stores Liquor	62,876	13.5%	12.4%	3.5%
Light Industrial/Printers	9,702	17.3%	15.5%	-1.7%
Liquor Stores	12,782	-3.9%	-6.5%	8.2%
Lumber/Building Materials	29,915	-23.4%	-23.9%	-0.7%
New Motor Vehicle Dealers	— CONFIDENTIAL —		13.3%	7.6%
Quick-Service Restaurants	60,797	3.9%	7.5%	7.5%
Service Stations	177,917	31.3%	29.6%	-10.6%
<b>Total All Accounts</b>	<b>\$814,878</b>	<b>8.9%</b>	<b>-0.9%</b>	<b>3.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$147,251</b>	<b>8.6%</b>	<b>-1.1%</b>	<b>4.7%</b>
<b>Gross Receipts</b>	<b>\$962,129</b>	<b>8.8%</b>	<b>-0.9%</b>	<b>3.9%</b>