

# Q2 2015



# City of Hollister Sales Tax Update

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

## Hollister In Brief

Hollister's receipts from April through June were flat compared to the same sales period in 2014; however, actual sales activity was up 6.9% when reporting aberrations were factored out.

Payment anomalies were responsible for exaggerating the decrease from business and industry. Similar aberrations boosted the drop from service stations.

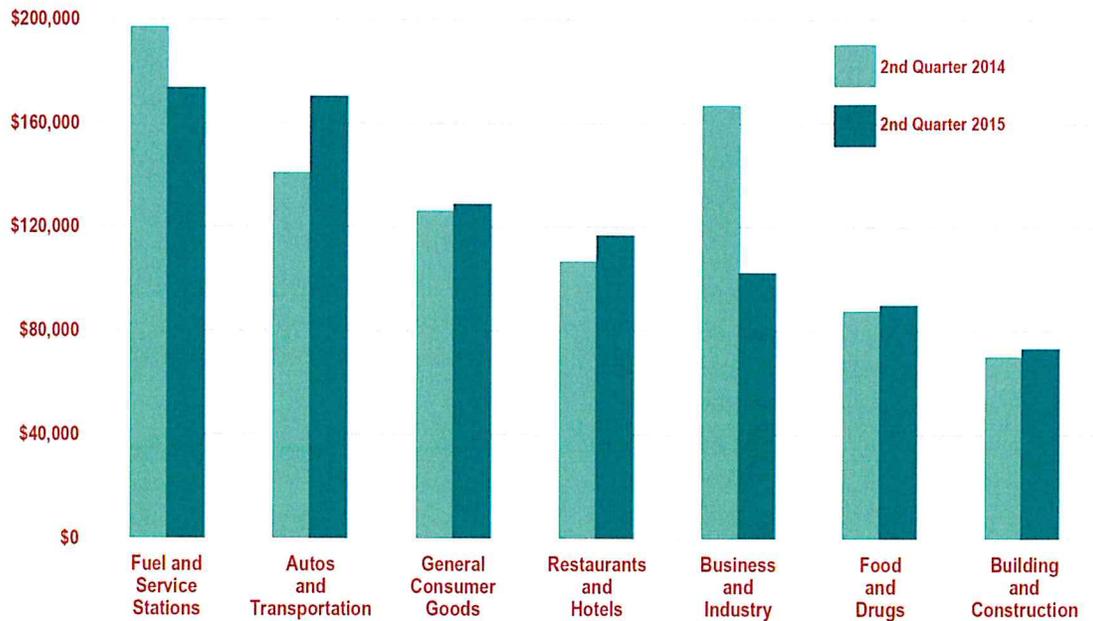
The losses were offset by strong sales from multiple categories of autos and transportation and general consumer goods. In addition, higher receipts from quick service and casual dining eateries helped lift restaurant receipts.

The gain from liquor stores was a significant factor in the overall increase from the food and drugs sector. Building and construction also posted positive results, however onetime adjustments cut the actual gain.

Measure "E", the city's voter approved transactions tax generated an additional \$1,064,931 in revenue for the quarter, a 5.3% decrease compared to the same period last year.

Adjusted for aberrations, taxable sales for all of San Benito County increased 10.4% over the comparable time period while, the Central Coast region as a whole was up 1.6%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Ace Hardware & Lumber	McDonalds
AZ Electronics Materials	McKinnon Lumber
Brigantino Irrigation	Nob Hill General Store
California Forest Products	Quik Stop Market
Ciminos Cabinet Doors	Ranch Gas & Food
Crop Production Services	Rite Aid
Gateway Arco AM PM	Safeway
Greenwood Chevrolet Buick GMC	Safeway Fuel
Hollister Chevron	Save Mart
K Mart	Shop N Save
KMG Electronics Chemicals	Target
	Tiffany Ford Lincoln Mercury
	Tiger Express Mart
	Verizon Wireless

## REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$895,336	\$855,700
County Pool	146,445	186,538
State Pool	708	776
Gross Receipts	\$1,042,488	\$1,043,014
Less Triple Flip*	\$(260,622)	\$(260,753)
Measure E	\$1,124,102	\$1,064,931

**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.

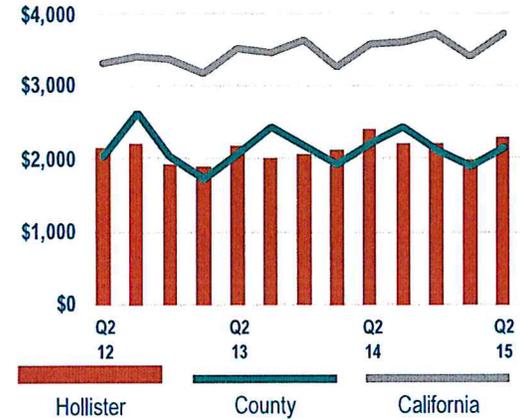
**Internet Sales Tax Proposal**

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.

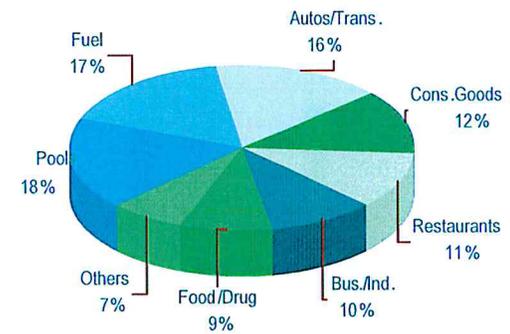
The bill currently has 52 sponsors and attempts to address objections to elements of the Marketplace Fairness Act that preceded it. The proposal provides for a three year phase in for small businesses, prohibits auditing remote sellers with annual sales under \$5 million, and requires states to provide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



**HOLLISTER TOP 15 BUSINESS TYPES**

Business Type	Hollister		County	HdL State
	Q2 '15	Change	Change	Change
Auto Repair Shops	7,959	37.5%	44.7%	7.2%
Automotive Supply Stores	31,377	16.8%	26.2%	5.5%
Casual Dining	45,636	13.9%	32.6%	6.2%
Contractors	25,673	-7.1%	39.4%	8.5%
Discount Dept Stores	— CONFIDENTIAL —		-0.7%	0.0%
Drug Stores	— CONFIDENTIAL —		-10.8%	-8.0%
Drugs/Chemicals	26,576	-62.2%	-71.4%	10.8%
Electronics/Appliance Stores	17,048	14.3%	14.1%	-1.5%
Garden/Agricultural Supplies	48,585	-5.8%	-5.4%	7.4%
Grocery Stores Liquor	52,077	1.5%	1.1%	3.5%
Liquor Stores	15,888	16.8%	16.6%	4.9%
Lumber/Building Materials	43,794	30.6%	29.3%	4.5%
New Motor Vehicle Dealers	— CONFIDENTIAL —		19.2%	9.2%
Quick-Service Restaurants	64,217	5.0%	16.6%	9.2%
Service Stations	173,617	-12.0%	-11.7%	-11.7%
<b>Total All Accounts</b>	<b>855,700</b>	<b>-4.4%</b>	<b>-1.9%</b>	<b>2.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>187,314</b>	<b>27.3%</b>	<b>30.7%</b>	<b>11.8%</b>
<b>Gross Receipts</b>	<b>1,043,014</b>	<b>0.1%</b>	<b>2.7%</b>	<b>3.8%</b>