**City of Hollister Sales Tax Update**

*Fourth Quarter Receipts for Third Quarter Sales (July - September 2015)*

**Hollister In Brief**

Hollister’s receipts from July through September were 2.6% above the third sales period in 2014. Excluding reporting aberrations, actual sales were up 5.2%.

Increased sales across most segments of the autos and transportation group accounted for much of the gain this quarter. General consumer goods sales also benefited from positive results in most segments while several reporting aberrations exaggerated gains for electronics stores. Building material sales grew this quarter while contractors also reported increasing activity as well.

Quick serve, casual dining restaurants, plus all segments of the food/drug group posted higher overall sales this quarter.

The continuing decline in fuel prices negated the returns from a reopened service station this quarter while several reporting aberrations and lower sales across multiple sectors were reflected in the results for business and industry.

Measure E, the city’s voter approved transactions tax, generated an additional $1,256,257 in revenue for the quarter, a 12.64% increase compared to the same period last year.

Net of aberrations, taxable sales for all of San Benito County grew 2.1% over the comparable time period; the Central Coast region was up 3.0%.

**SALES TAX BY MAJOR BUSINESS GROUP**

<table>
<thead>
<tr>
<th>Category</th>
<th>3rd Quarter 2014</th>
<th>3rd Quarter 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autos and Transportation</td>
<td>$180,000</td>
<td>$160,000</td>
</tr>
<tr>
<td>Fuel and Service Stations</td>
<td>$160,000</td>
<td>$140,000</td>
</tr>
<tr>
<td>General Consumer Goods</td>
<td>$140,000</td>
<td>$120,000</td>
</tr>
<tr>
<td>Restaurants and Hotels</td>
<td>$120,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>Food and Drugs</td>
<td>$100,000</td>
<td>$80,000</td>
</tr>
<tr>
<td>Business and Industry</td>
<td>$80,000</td>
<td>$60,000</td>
</tr>
<tr>
<td>Building and Construction</td>
<td>$60,000</td>
<td>$40,000</td>
</tr>
</tbody>
</table>

**TOP 25 PRODUCERS IN ALPHABETICAL ORDER**

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

**REVENUE COMPARISON**

<table>
<thead>
<tr>
<th>Two Quarters – Fiscal Year To Date</th>
<th>2014-15</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Point-of-Sale</td>
<td>$1,706,959</td>
<td>$1,689,627</td>
</tr>
<tr>
<td>County Pool</td>
<td>278,653</td>
<td>321,231</td>
</tr>
<tr>
<td>State Pool</td>
<td>1,285</td>
<td>937</td>
</tr>
<tr>
<td>Gross Receipts</td>
<td>$1,986,898</td>
<td>$2,011,796</td>
</tr>
<tr>
<td>Less Triple Flip</td>
<td>($496,724)</td>
<td>($502,949)</td>
</tr>
<tr>
<td>Measure E</td>
<td>$2,239,342</td>
<td>$2,321,188</td>
</tr>
</tbody>
</table>

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Statewide Results
The local share of sales and use tax revenues from the summer sales quarter were up 2.4% over last year’s comparable quarter after adjusting for payment aberrations.

New and used auto sales and leases continued to exhibit solid gains and were the primary contributor to the quarter’s statewide growth. The countywide allocation pools were the second largest contributors to the overall gain, boosted by increased online sales activity. The state’s travel and tourism industry contributed to a robust increase in receipts from restaurants and hotels. Recovering building and construction activity was also significant with an 8.6% increase over the comparison period.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the fourth consecutive quarter.

Overall performance was similar throughout most regions of the state, however the effect of lower fuel prices significantly dampened results in portions of the San Joaquin Valley.

Online Retail Sales Continue to Outpace Brick & Mortar Stores
Fourth quarter tax results will not be available until March but preliminary reports indicate holiday purchases from some brick and mortar stores are flat or down from 2014, while the volume of online shopping has set new records.

Although stores are not in danger of disappearing, the trend has many retail chains considering long-term plans for smaller “showroom” units with less square footage, employees, and in-store inventory.

HdL’s statewide sales tax database for the first three quarters of 2015 shows that online orders for general consumer goods rose 17.6% over the first three quarters of 2014, while the overall sales gains at brick and mortar stores grew a modest 2.2%.

New Restrictions on Tax Sharing Agreements
Tax rebates are subject to additional restrictions and reporting requirements in 2016.

Newly adopted Government Code Section 53084.5 prohibits tax sharing agreements that reduce another agency’s sales tax if the business generating the tax continues to maintain a physical presence in the losing agency’s jurisdiction.

The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial statements with periods beginning after December 15, 2015.