

# Q2 2017



# City of Avalon Sales Tax *Update*

*Third Quarter Receipts for Second Quarter Sales (April - June 2017)*

## Avalon In Brief

Avalon's receipts from April through June were 14.4% above the second sales period in 2016. Excluding reporting aberrations, actual sales were up 16.2%.

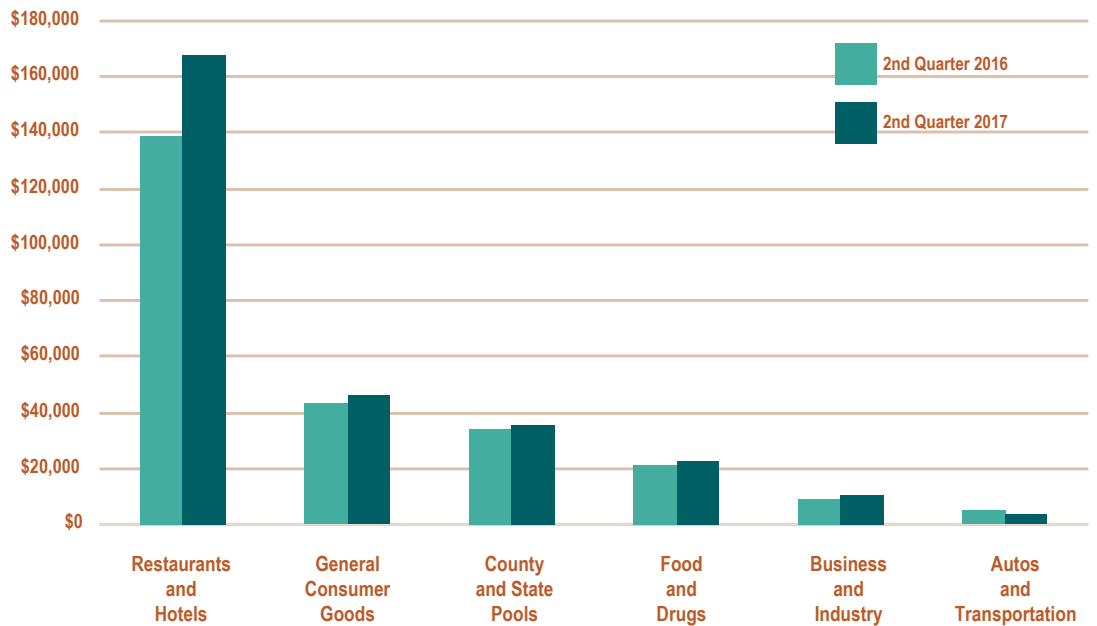
The City experienced a strong sales quarter for the restaurants-hotels, food-drugs and business-industry sectors.

A late payment in the comparison period inflated results from art/gift/novelty stores. The City's allocation from the county use tax pool added to overall results.

The gains were partially offset by a decline in sales from the autos and transportation group.

Net of aberrations, taxable sales for all of Los Angeles County grew 2.9% over the comparable time period; the Southern California region was up 3.4%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Abes Liquor Store	Leos Catalina Drugstore
Antonios Pizzeria & Cabaret	Lobster Trap
Bluewater Grill	Maggies Blue Rose
Buoys & Gulls	Mi Casita
Carnival Cruise Lines	Original Jacks
Casino Ballroom	Pancake Cottage
Catalina By The Sea	Perico Gallery
Catalina Cantina	Sherrills Marine Services
CC Gallagher	Steves Steakhouse
Chets Hardware	The Locker Room
Coyote Joe's	Vons
El Galleon	Zest Catering & Events
Island Threadz	

## REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2015-16	2016-17
Point-of-Sale	\$830,881	\$877,230
County Pool	113,574	120,895
State Pool	426	339
<b>Gross Receipts</b>	<b>\$944,881</b>	<b>\$998,464</b>
Less Triple Flip*	\$(131,764)	\$0
<b>Measure C</b>	<b>\$633,200</b>	<b>\$602,288</b>

**California Overall**

Local government's one-cent share of statewide sales and use tax from transactions occurring April through June was 3.2% higher than the same quarter of 2016 after payment aberrations are factored out.

The largest percentage increases were from the countywide allocation pools, building supplies and rising fuel prices. Auto sales and restaurants continued to post solid gains. Except for value priced apparel and dollar stores, most categories of general consumer goods were down or flat with the growth in online shopping shifting tax receipts to in-state distribution centers or to the countywide allocation pools.

Receipts from business and industrial transactions were lower than last year's comparable quarter because of declines in new alternative energy projects. Agricultural and new technology related purchases exhibited healthy gains as did sales of warehouse and construction equipment. Most other categories were down from 2016.

**Where does the Money Go?**

E-commerce, technology and changing consumer preferences have retailers undergoing a dizzying transformation as they compete for customers through online websites, mobile apps, home delivery, social media, pop-up/flex stores and pick-up lockers as well as traditional brick and mortar businesses.

The changes in how goods are inventoried, sold and delivered has created some confusion in allocating local sales and use tax. However, it still involves three basic principles:

- Location where the sale is negotiated
- Location of goods at time of sale
- Ownership of goods being sold

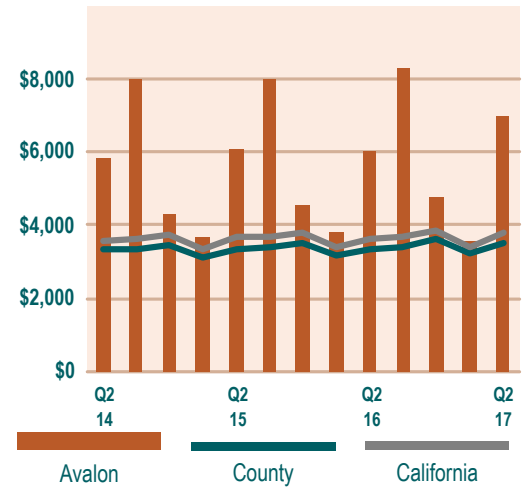
Place of sale continues to be California's primary rule for allocating local sales tax. If the inventory is owned by the seller and is located in-state, the tax goes to the location that participates in the sale, either by receiving the order or

shipping the goods. If the order is taken outside the state but the seller owns the inventory and delivers the goods from inside California, the tax is allocated to the jurisdiction where the warehouse is located. Otherwise, the tax is shared by all agencies in the county where the goods are shipped on a pro-rata basis through the county allocation pools.

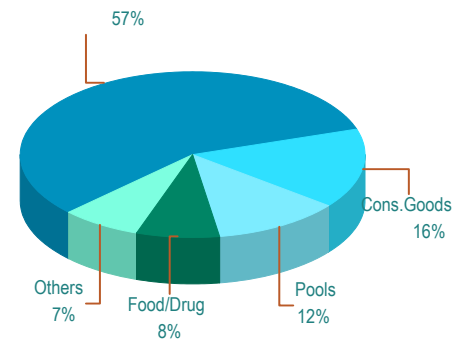
Ownership of the goods being sold is also a factor. In order for an agency to receive a direct allocation of local tax for goods shipped from a California fulfillment center, the location must be the retailer's place of business and not owned or operated by a separate legal entity. If the retailer has no place of business in California, the only opportunity for local tax is an indirect allocation through the countywide pools

For jurisdictions with transactions tax overrides, that tax goes to the place of purchase rather than the place of the seller. For example, the sales tax on the purchase of an automobile goes to the seller's location. However, the transactions tax, if any, goes to the jurisdiction where the buyer's vehicle is registered.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Avalon This Quarter



**AVALON TOP 15 BUSINESS TYPES**

Business Type	Avalon		County	HdL State
	Q2 '17	Change	Change	Change
Art/Gift/Novelty Stores	15,546	8.7%	4.1%	-1.9%
Boats/Motorcycles	2,817	-32.0%	-8.2%	4.5%
Building Materials	— CONFIDENTIAL —	—	6.2%	6.1%
Casual Dining	143,754	19.2%	3.2%	2.2%
Convenience Stores/Liquor	— CONFIDENTIAL —	—	5.0%	5.2%
Drug Stores	— CONFIDENTIAL —	—	0.1%	0.8%
Family Apparel	17,823	-1.5%	4.4%	4.0%
Fine Dining	— CONFIDENTIAL —	—	11.7%	12.6%
Grocery Stores	— CONFIDENTIAL —	—	2.0%	2.1%
Leisure/Entertainment	6,352	63.6%	9.8%	6.7%
Quick-Service Restaurants	5,137	18.9%	5.5%	5.8%
Repair Shop/Equip. Rentals	— CONFIDENTIAL —	—	-5.0%	3.5%
Specialty Stores	4,968	22.6%	1.2%	1.0%
Transportation-Non-Auto	— CONFIDENTIAL —	—	-9.4%	-16.7%
Women's Apparel	2,510	50.6%	-4.7%	-4.0%
<b>Total All Accounts</b>	<b>259,245</b>	<b>15.9%</b>	<b>4.8%</b>	<b>6.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>35,276</b>	<b>4.8%</b>	<b>-5.2%</b>	<b>-9.9%</b>
<b>Gross Receipts</b>	<b>294,521</b>	<b>14.4%</b>	<b>3.5%</b>	<b>4.1%</b>