

Q3 2014



City of Seal Beach Sales Tax *Update*

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

Seal Beach In Brief

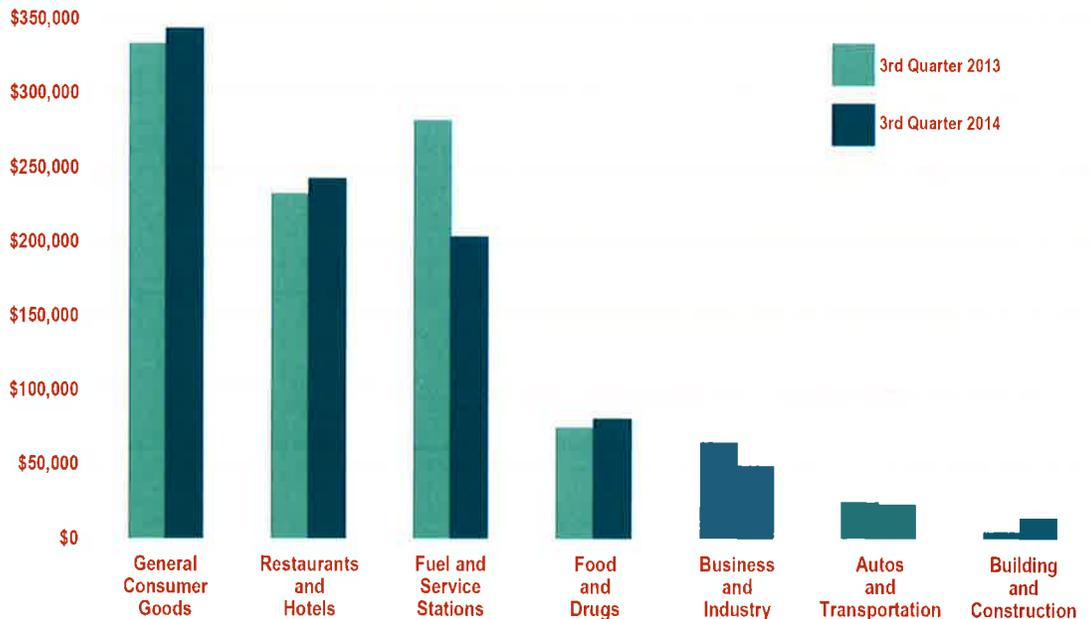
Receipts for Seal Beach's July through September sales were 5.0% lower than the same quarter one year ago. Actual sales activity was down 6.9% when reporting aberrations were factored out.

Despite a positive payment adjustment, the fuel and service stations group was depressed by lower sales which were primarily responsible for the overall quarterly decrease. One-time receipts in the year-ago quarter and a business closure dampened several business and industry category results.

The losses were partially offset by new eatery openings and net higher sales by most restaurant segments. General consumer goods revenues increased 3.1% despite a store closure while a new business addition lifted food and drug returns.

Adjusted for aberrations, taxable sales for all of Orange County increased 3.9% 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

Bed Bath & Beyond	Old Ranch Country Club
Chevron	Original Parts Group
Chevron	Pavilions
College Park Mobil	Ralphs
Conkle 76	Roger Dunn Golf Shop
CVS Pharmacy	Seal Beach Mobil
Energy Tubulars	Spaghettini
Home Goods	Staples
In N Out Burgers	Target
Johnson Controls	Toys R Us
Kohls	Ulta Salon
Leisure World Automotive 76	Walt's Wharf
Marshalls	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$2,023,690	\$1,957,736
County Pool	218,052	223,306
State Pool	1,077	1,410
Gross Receipts	\$2,242,819	\$2,182,451
Less Triple Flip*	\$(560,705)	\$(545,613)

*Reimbursed from county compensation fund

Published by HdL Companies in Winter 2015

www.hdlcompanies.com | 888.861.0220



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.

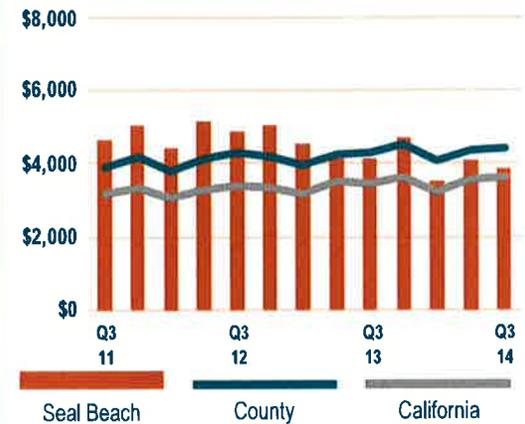
Despite intensive price competition, tax gains from general con-

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.

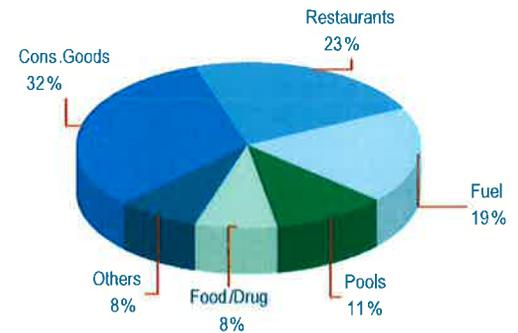
Agencies with auto dealerships are also benefiting as lower fuel prices and increased fuel efficiency have buyers choosing more costly SUVs and accessories. Gains in home improvement purchases are anticipated although the tax will be distributed via countywide pools if the sale includes onsite installation.

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
Seal Beach This Quarter



SEAL BEACH TOP 15 BUSINESS TYPES

Business Type	Seal Beach		County	HdL State
	Q3 '14	Change	Change	Change
Casual Dining	110,978	-5.5%	3.8%	6.3%
Department Stores	—	CONFIDENTIAL	-0.1%	0.8%
Discount Dept Stores	—	CONFIDENTIAL	1.9%	2.5%
Drug Stores	—	CONFIDENTIAL	-0.5%	0.9%
Family Apparel	30,859	6.0%	7.2%	6.0%
Fast-Casual Restaurants	26,329	9.0%	11.1%	12.9%
Fine Dining	—	CONFIDENTIAL	14.6%	15.7%
Grocery Stores Liquor	—	CONFIDENTIAL	5.7%	8.6%
Home Furnishings	48,410	9.3%	7.5%	6.6%
Leisure/Entertainment	—	CONFIDENTIAL	4.7%	-3.6%
Petroleum Prod/Equipment	—	CONFIDENTIAL	21.4%	4.6%
Quick-Service Restaurants	56,662	18.7%	7.6%	8.4%
Service Stations	128,356	13.7%	3.9%	1.2%
Specialty Stores	39,678	7.0%	4.6%	5.6%
Women's Apparel	30,463	-8.4%	-9.8%	-0.9%
Total All Accounts	\$953,155	-6.0%	3.0%	5.5%
County & State Pool Allocation	\$112,299	4.9%	15.0%	10.2%
Gross Receipts	\$1,065,454	-5.0%	4.2%	6.1%