

Q1 2015



City of Chula Vista Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2015)

Chula Vista In Brief

Receipts for Chula Vista's January through March sales were 3.2% above the same quarter one year ago. Excluding payment aberrations, actual sales were up 3%.

The general consumer goods group, helped by strong discount department store, family apparel and home furnishings gains generated most of the year over year increase. New and used auto sales and leases of new autos generated most of the autos and transportation uptrend. As with most areas of the state, restaurants and hotels, helped by new business additions, reported another solid sales quarter. Payment aberrations inflated the food and drug comparison by cutting proceeds in the comparison period.

Lower prices at the pump pared fuel and service station amounts despite generally higher fuel usage. Building and construction and business and industry categories appeared to be down but net of one-time payment aberrations, actual sales for both were up.

Adjusted for payment anomalies, taxable sales for all of San Diego County increased 4.5% over 2014's first quarter; the Southern California region was up 3.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Apple	Kohls
Arco AM PM	Lowes
Arco AM PM	Macys
Best Buy	Marshalls
Burlington Coat Factory	Mossy Nissan
Chevron	Ross
Circle K	Sears
Costco	South Bay Motorsports
Fuller Ford/Kia	Target
Fuller Honda	Toyota/Scion
Home Depot	Vons
Jeromes Furniture Warehouse	Walmart
	Youngevity

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$26,202,387	\$27,086,994
County Pool	3,444,744	3,657,953
State Pool	17,821	18,056
Gross Receipts	\$29,664,952	\$30,763,003
Less Triple Flip*	\$(7,416,238)	\$(7,690,751)

*Reimbursed from county compensation fund

California as a Whole

Local one cent tax receipts from sales occurring January through March rose 3.65% over 2014's comparable quarter after adjusting for reporting anomalies.

An exceptionally strong quarter for auto sales/leases and restaurants was the primary contributor to the overall increase. A rise in building-construction materials was also a factor although much of this growth came from specific office and sports facility projects in Northern California.

Gains from sales of general consumer goods were primarily in value priced clothing, home furnishings and specialty retail which includes pet supplies and cosmetics. Online shopping involving goods shipped from out of state continues to shift a major portion of the growth in general consumer goods to the countywide pools.

The statewide gains were largely offset by a 21% decline in receipts from fuel and service stations.

Tax on Services

The Board of Equalization has released an estimate that levying sales and use tax on services would raise over \$122.5 billion in state and local revenues or enough to lower the overall tax rate to under 4%.

Originally imposed in 1933 as a 2 1/2% tax with only three exemptions, the legislature has gradually exempted more and more goods from the sales tax while raising rates to compensate for the corresponding revenue loss. This and the state's shift from a manufacturing to service economy has created the nation's highest sales tax rate on the narrowest basket of goods.

Although more discussion is needed, there is interest in expanding the sales tax to services and lowering the rate to make the tax less regressive and

more competitive while providing greater flexibility in the development of local tax bases.

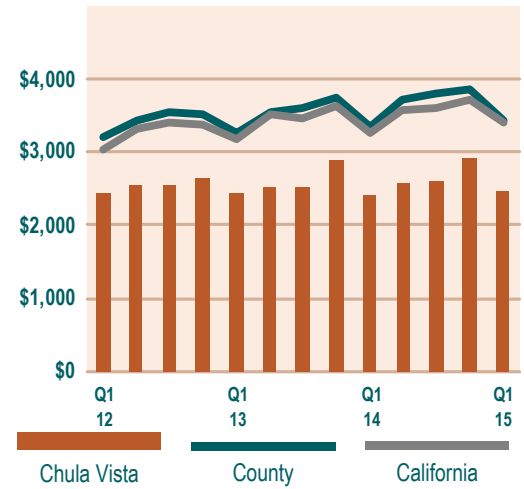
Tax on Jet Fuel

The Federal Aviation Administration has ruled that sales taxes on jet fuel must only be used for airport and aviation programs. The rule applies to taxes levied after 1987 but is unclear as to transactions tax districts, Proposition 172 revenues, or revenues collected by jurisdictions without airports. Clarification will not be available until FAA review and approval of a plan that has to be submitted by the state Department of Finance by December 8, 2015.

Tax on Marijuana

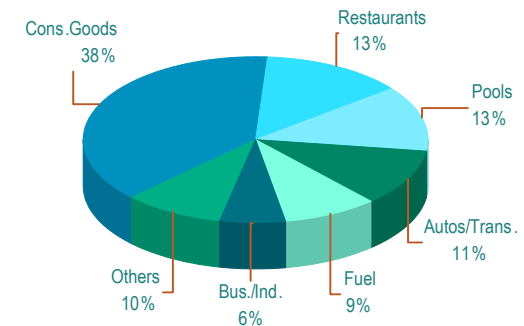
A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE findings are expected by November 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Chula Vista This Quarter



CHULA VISTA TOP 15 BUSINESS TYPES

Business Type	<i>*In thousands</i>			
	Chula Vista Q1 '15*	Chula Vista Change	County Change	HdL State Change
Automotive Supply Stores	146.2	14.0%	3.6%	5.3%
Boats/Motorcycles	78.1	38.0%	11.1%	13.6%
Casual Dining	388.4	2.0%	4.8%	6.1%
Department Stores	236.6	1.5%	2.1%	2.0%
Discount Dept Stores	1,281.8	6.5%	4.7%	4.2%
Drug Stores	88.2	17.3%	9.5%	10.7%
Electronics/Appliance Stores	329.1	0.0%	7.0%	-0.5%
Family Apparel	260.8	14.0%	8.7%	9.6%
Grocery Stores Liquor	120.1	6.4%	5.2%	5.0%
Home Furnishings	181.3	23.5%	7.5%	8.4%
Lumber/Building Materials	215.4	-12.3%	-1.4%	-3.1%
New Motor Vehicle Dealers	421.5	9.1%	8.1%	11.1%
Quick-Service Restaurants	456.5	12.4%	10.5%	10.5%
Service Stations	645.4	-16.5%	-25.2%	-21.9%
Specialty Stores	195.4	3.0%	4.4%	9.2%
Total All Accounts	\$6,362.3	3.1%	4.2%	3.6%
County & State Pool Allocation	\$917.1	4.5%	5.7%	1.1%
Gross Receipts	\$7,279.4	3.2%	4.4%	3.3%