

Q3 2015



City of Chula Vista Sales Tax *Update*

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

Chula Vista In Brief

Chula Vista's receipts from July through September were 5.4% above the third sales period in 2014.

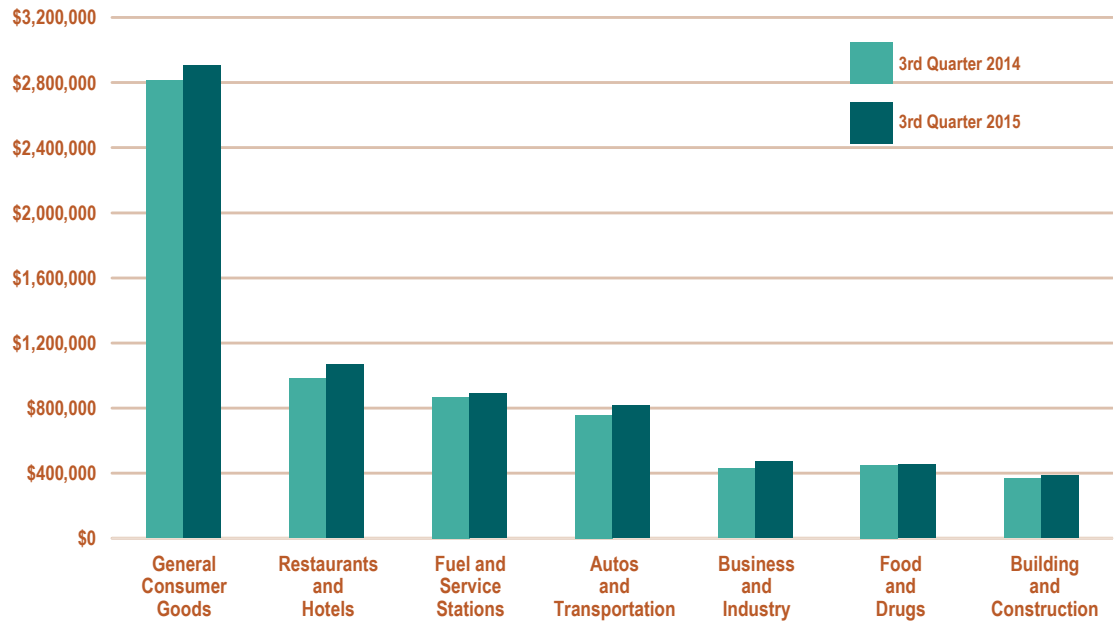
Recent openings and gains in discount department stores, electronics, family apparel and home furnishings pushed up results in general retail. Payment deviations inflated the increase in restaurants and hotels. The gain was attributable to new eateries and a rise in same store sales.

Sales activity rose in auto-related sectors while a year ago deduction overstated the returns in the business and industry group. Higher receipts from the countywide use tax allocation pool contributed to the gain in gross receipts overall.

A transposition error that will be deducted in the future accounted for the increase in fuel and service stations.

Net of aberrations, taxable sales for all of San Diego County grew 2.9% over the comparable time period; the Southern California region was up 3.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco AM PM	Macys
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Best Buy	Ralphs
Chevron	Ross
Chevron	Sears
Circle K	South Bay Motorsports
Costco	Target
Fuller Ford/Kia	Toyota/Scion
Fuller Honda	Vons
Home Depot	Walmart
Jeromes Furniture Warehouse	Western Refining Wholesale
Kohls	Youngevity
Lowes	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$13,253,460	\$13,735,459
County Pool	1,666,019	1,890,373
State Pool	9,627	7,054
Gross Receipts	\$14,929,105	\$15,632,887
Less Triple Flip*	\$(3,732,276)	\$(3,908,222)

*Reimbursed from county compensation fund

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

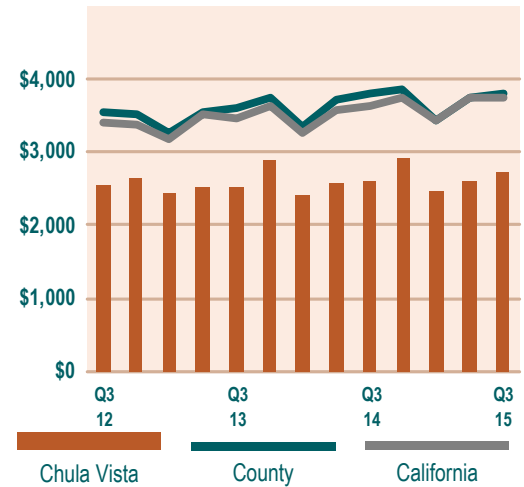
Tax rebates are subject to additional restrictions and reporting requirements in 2016.

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.

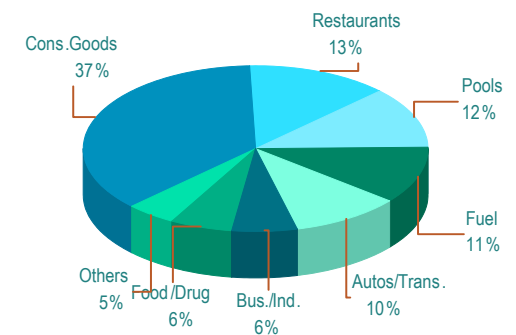
The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial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

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Chula Vista This Quarter



CHULA VISTA TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Chula Vista Q3 '15*	Chula Vista Change	County Change	HdL State Change
Automotive Supply Stores	127.8	5.2%	3.3%	5.8%
Casual Dining	402.8	5.7%	5.1%	5.1%
Department Stores	250.8	-3.3%	-3.7%	-0.6%
Discount Dept Stores	1,378.1	4.6%	2.8%	2.1%
Drug Stores	85.7	1.9%	-1.2%	-1.4%
Electronics/Appliance Stores	341.8	7.2%	-1.1%	3.9%
Family Apparel	269.5	3.0%	2.7%	2.4%
Grocery Stores Beer/Wine	96.7	-5.7%	4.2%	1.7%
Grocery Stores Liquor	208.4	4.3%	1.7%	3.8%
Home Furnishings	151.6	2.1%	4.5%	4.9%
Lumber/Building Materials	247.4	5.1%	8.9%	6.6%
New Motor Vehicle Dealers	449.9	5.8%	5.9%	8.2%
Quick-Service Restaurants	484.5	7.8%	7.4%	6.8%
Service Stations	811.5	-6.1%	-8.2%	-11.8%
Specialty Stores	214.8	7.1%	0.4%	5.9%
Total All Accounts	6,992.1	4.9%	1.3%	2.3%
County & State Pool Allocation	933.3	9.9%	6.2%	3.5%
Gross Receipts	7,925.4	5.4%	1.9%	2.4%