

Q3 2019



City of Chula Vista Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2019)

Chula Vista In Brief

Chula Vista's receipts from July through September were 4.0% below the third sales period in 2018. However, this comparison is skewed due to the CDTFA's transition to a new reporting system in the prior year when additional payments were received by the City. Excluding reporting aberrations, actual sales were up 4.5%.

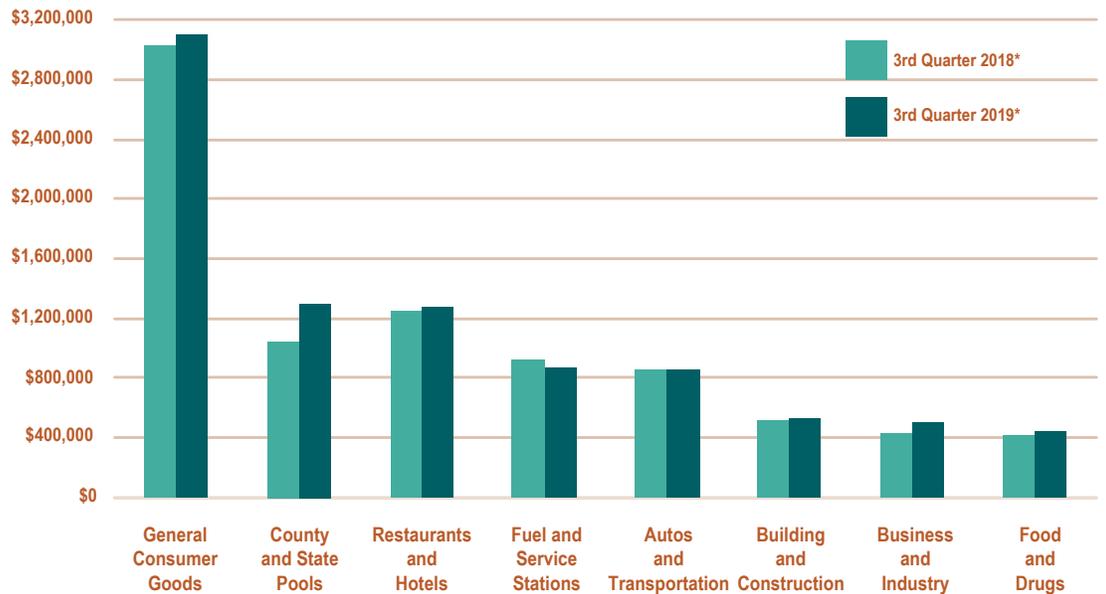
Strong returns from multiple general consumer categories including discount department stores, family apparel retailers and home furnishing merchants were largely responsible for the overall growth. Numerous one-time allocations also supported business-industry gains.

These local point of sale improvements combined with increased taxes collected for online purchases of items shipped into the region compared to last year, boosted allocations from the countywide use tax pool, further contributing to the positive outcome.

Voter-approved Measure P generated an additional \$5,335,006 beyond the amounts previously discussed, while recently approved Measure A added \$5,011,464.

Net of aberrations, taxable sales for all of San Diego County grew 2.8% over the comparable time period; the Southern California region was up 2.8%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Apple	Lowes
Arco AM PM	Macys
Best Buy	Marshalls
Burlington	Mossy Nissan Chula Vista
California Electric Supply	Penske Honda Chula Vista
Chevron	Ralphs
Circle K	Ross
Costco	Shell
Del Amo Motorsports of South Bay	Target
Ford of Chula Vista	Toyota Chula Vista
Home Depot	Walmart
Jeromes Furniture Warehouse	Youngevity
Kohls	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date (Q3)

	2018-19	2019-20
Point-of-Sale	\$8,278,840	\$7,793,632
County Pool	1,244,562	1,348,751
State Pool	4,304	3,129
Gross Receipts	\$9,527,706	\$9,145,512
Measure P	\$5,376,711	\$5,335,006
Measure A	\$13,623	\$5,307,534

Statewide Results

The local one-cent share of statewide sales and use tax from sales occurring July through September was 2.2% higher than the summer quarter of 2018 after adjusting for accounting anomalies.

The bulk of the increase came from the countywide use tax allocation pools and is due to the acceleration in online shopping where a large volume of the orders are shipped from out-of-state.

Online shopping also produced gains in the business-industrial group with in-state industrial zoned logistics centers filling orders previously taken by brick and mortar retailers. Purchases to support healthcare, food processing, logistics/warehouse operations and information/data technology also helped offset declines in other business-related categories.

With the exception of some discount and value-oriented retail, most categories of general consumer goods were down. New cannabis related start-ups offset declines in the food and drug group while a softening in building-construction receipts was consistent with recent declines in the volume and value of new building permit issuances.

Overall growth in restaurant receipts continued to soften with a shift toward lower cost dining establishments and takeout meal options. Reports of labor shortages and the impact of homelessness on customer traffic in metropolitan areas were reportedly factors in the decline in tax revenues from higher price, fine dining establishments.

Despite a slight uptick in used auto and auto lease receipts, the auto related group was significantly down due to a drop in new car and RV sales. Previously propped up by a 23% subprime rated customer base and six- and seven-year financing, loan delinquencies have recently surged back to levels last seen in 2009.

Additional Tax Districts Approved

Voters approved eight of the nine sales

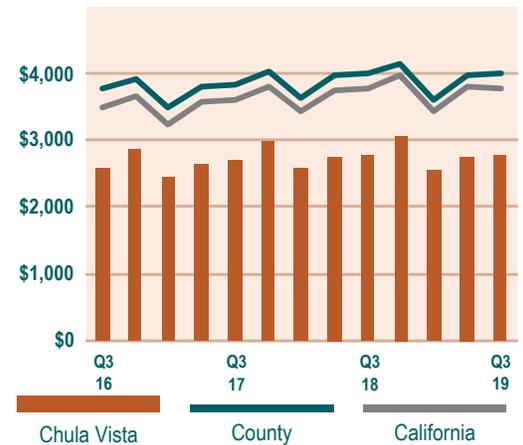
tax measures on the November 2019 ballot adding six new districts and extending two others.

This brings the total number of local transactions and use tax districts (TUT's) to 325 with 62 that are levied countywide and 263 imposed by individual cities. The number of local districts have close to tripled over the last decade as agencies deal with rising costs and service needs. TUT's have been a favorable option as visitors contribute to the tax and a collection system is already in place that minimizes administrative and monitoring costs.

California's basic rule is that the rate for all local TUT's combined, shall not exceed 2.0% or a total of 9.25% including the state levy. However, the state legislature has authorized higher caps in some jurisdictions with the highest voter-approved, combined state/local rate now at 10.5%.

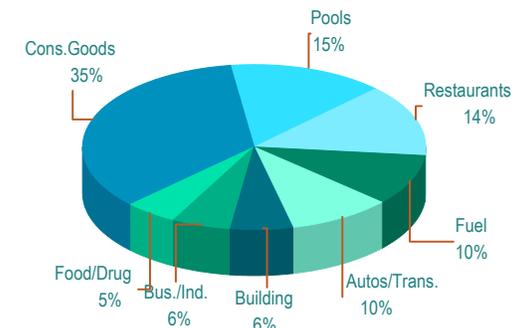
Thirty-five or more additional local TUT measures are currently being considered for the March 2020 ballot.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP
Chula Vista This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

CHULA VISTA TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	Chula Vista Q3 '19*	Chula Vista Change	County Change	HdL State Change
Automotive Supply Stores	148.9	12.7%	3.0%	3.7%
Building Materials	317.5	1.0%	0.3%	0.2%
Casual Dining	461.4	-3.0%	3.3%	2.3%
Contractors	104.8	-15.1%	3.8%	2.5%
Department Stores	196.4	-10.7%	-7.3%	-9.5%
Discount Dept Stores	1,515.3	2.5%	2.1%	2.8%
Electronics/Appliance Stores	363.5	-0.2%	-4.4%	-3.1%
Family Apparel	393.7	16.8%	2.6%	1.5%
Fast-Casual Restaurants	115.2	14.4%	3.9%	5.1%
Grocery Stores	251.9	4.7%	2.3%	1.7%
Home Furnishings	167.0	23.6%	6.0%	-1.0%
New Motor Vehicle Dealers	409.0	-5.8%	-2.3%	-7.2%
Quick-Service Restaurants	581.9	5.1%	0.8%	2.6%
Service Stations	861.2	-5.7%	-3.7%	-1.5%
Specialty Stores	194.1	1.1%	-1.0%	0.3%
Total All Accounts	7,558.9	1.9%	0.6%	0.3%
County & State Pool Allocation	1,292.8	23.1%	18.3%	14.9%
Gross Receipts	8,851.7	4.5%	2.8%	2.3%

** Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.