

# Q2 2019



# City of Chula Vista Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (April - June 2019)

## Chula Vista In Brief

Chula Vista's receipts from April through June were 14.2% above the second sales period in 2018. This comparison was inflated, however, due to CDTFA's transition to a new reporting system in the prior year that temporarily delayed distributions to the City. Adjusted for proper payment timing, results were up 1.5%.

The opening of a new family apparel retailer and home furnishing outlet were significant factors in this quarter's improvement. Discount department store sales also surged.

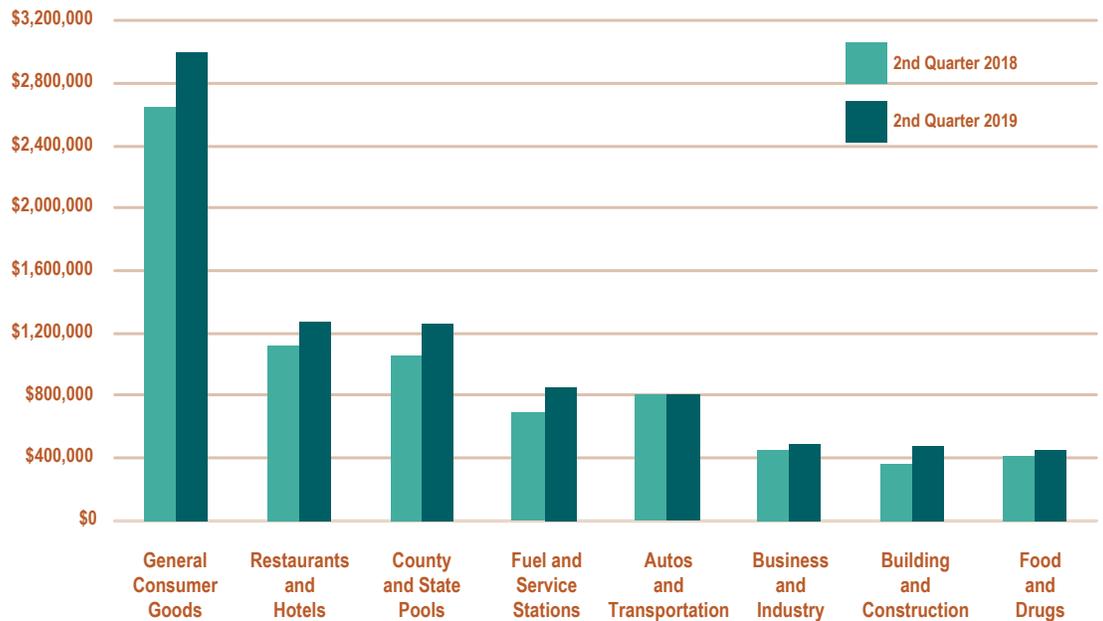
Tax revenue from the countywide use tax pool was bolstered by implementation of California's new legislation that has established a lower threshold for requiring the collection of use taxes by out of state retailers.

Specialty store sales were lower after the recent bankruptcy of a national chain that had a local presence. New car and service station proceeds also fell.

Voter approved Measure P provided an additional \$4,925,000 beyond the amounts previously discussed, while recently approved Measure A added \$4,877,000.

Net of aberrations, taxable receipts for all of San Diego County grew 1.4% over the comparable time period; the Southern California region was up 2.7%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

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

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date (Q3 to Q2)

	2017-18	2018-19
Point-of-Sale	\$27,951,651	\$31,318,048
County Pool	4,302,070	4,996,227
State Pool	16,015	15,815
<b>Gross Receipts</b>	<b>\$32,269,736</b>	<b>\$36,330,091</b>
Measure P	\$18,341,079	\$20,281,072
Measure A	\$0	\$14,259,206

**California Overall**

The local one percent share of California's sales and use tax from April through June sales was 20.4% higher than the same quarter of 2018. However, the actual gain came to 2.9% after factoring for online filing issues and accounting anomalies. Fiscal year 2018-19 ended with an increase of 3.6% over the previous year after similarly adjusting for reporting aberrations.

The quarter exhibited continuation of a recent softening for most taxable categories. Rising used car sales and rentals helped offset what was otherwise, a generally flat quarter for the auto-transportation group. An acceleration in online shopping boosted receipts from county wide pools while gains for brick and mortar stores were limited to value priced apparel, discount department stores and jewelry.

Restaurant patronage appears to be leveling with a shift toward lower cost dining options that produced relatively modest gains for the group when compared to previous quarters. New cannabis operations resulted in a small rise in food and drug receipts.

A 2.5% gain in business-industrial sales and use tax revenues came primarily from online fulfillment centers, logistics and utility company purchases and ongoing investment in automation and information technology. A similar rise in receipts from the building-construction group was due to a variety of infrastructure and onetime special projects that offset declines in material purchases for new home construction.

**Marketplace Facilitator Act**

Effective Oct. 1, 2019, companies such as Amazon, eBay and Google who provide sales tax related services to other retailers are required to assume the obligation for collecting and remitting their client's sales and use tax. The definition of sales-related services includes payment processing, inventory and shipping of merchandise, order taking, providing customer service, or assisting with re-

turns and exchanges.

The Marketplace provision was part of AB 147 which was adopted to implement California's approach to the U.S. Supreme Court decision in South Dakota v. Wayfair Inc.

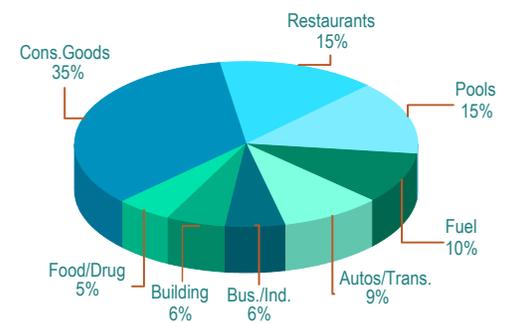
AB 147 requires out-of-state retailers with annual combined sales of \$500,000 or more to now collect and remit this state's sales and use tax from its customers. Applying the \$500,000 threshold to the sum total of all the third-party transactions that facilitators process for their clients, is hoped to produce moderate gains in previously uncollected revenues for the state, cities, counties and local transaction tax districts.

Facilitator tax remittances from merchandise inventoried in California will be allocated to specific jurisdictions while receipts from deliveries outside of the state will be distributed via the pools. Some facilitators have begun to collect and remit taxes ahead of this deadline. This is evidenced by new pool allocations and increases in direct allocations to certain jurisdictions.

**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 Q2 '19*	Chula Vista Change	County Change	HdL State Change
Automotive Supply Stores	141.3	20.2%	17.5%	16.4%
Building Materials	302.4	52.9%	25.3%	34.1%
Casual Dining	501.5	21.4%	21.1%	24.5%
Department Stores	157.7	-25.5%	-32.0%	-24.7%
Discount Dept Stores	1,472.7	23.4%	22.5%	26.3%
Drugs/Chemicals	— CONFIDENTIAL —		46.5%	43.0%
Electronics/Appliance Stores	381.1	0.1%	-4.4%	7.0%
Family Apparel	391.0	92.5%	50.0%	45.3%
Fast-Casual Restaurants	111.2	37.9%	19.1%	18.9%
Grocery Stores	258.6	5.5%	3.0%	9.6%
Home Furnishings	142.4	11.9%	15.5%	15.8%
New Motor Vehicle Dealers	397.3	-8.4%	4.7%	5.4%
Quick-Service Restaurants	579.1	6.0%	15.4%	15.9%
Service Stations	854.2	25.3%	46.0%	51.4%
Specialty Stores	169.2	-35.3%	-14.4%	-8.5%
<b>Total All Accounts</b>	<b>7,371.3</b>	<b>13.6%</b>	<b>16.9%</b>	<b>20.1%</b>
<b>County &amp; State Pool Allocation</b>	<b>1,254.5</b>	<b>18.0%</b>	<b>21.5%</b>	<b>22.4%</b>
<b>Gross Receipts</b>	<b>8,625.8</b>	<b>14.2%</b>	<b>17.5%</b>	<b>20.4%</b>