

# Q1 2016



# City of Glendale Sales Tax Update

Second Quarter Receipts for First Quarter Sales (January - March 2016)

## Glendale In Brief

Glendale's receipts from January through March were 4.9% higher than the first sales period in 2015. Once onetime aberrations were removed, revenues rose 4.0%.

All sectors posted positive returns with the exception of business and industry which dipped 1.6%.

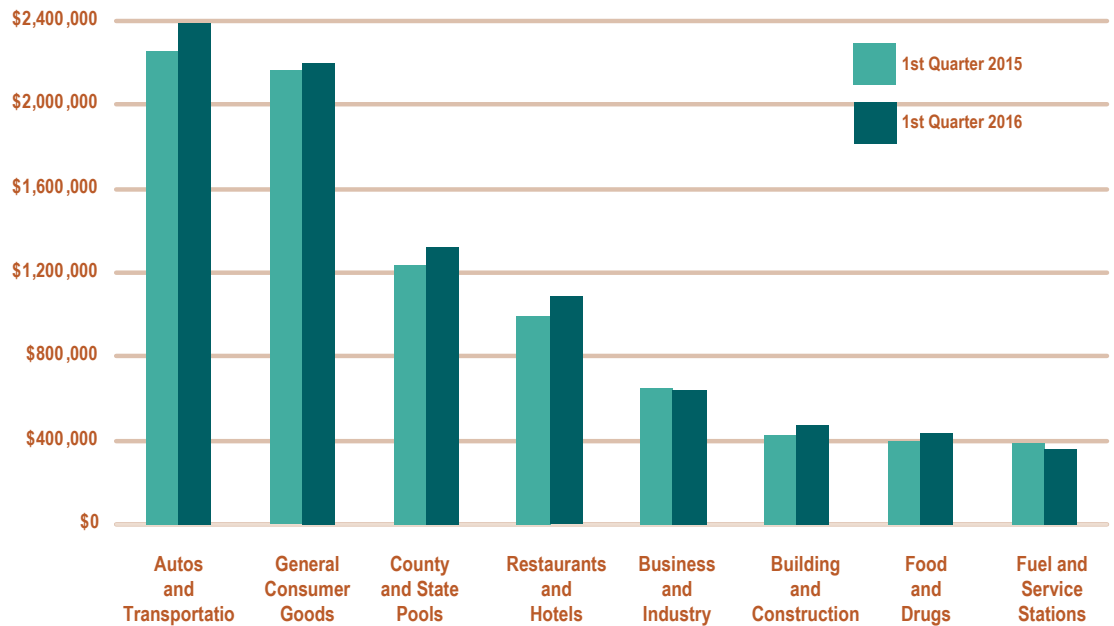
New autos were up 2.7% lagging countywide trend, but leasing was up a whopping 17.9% once onetime events were removed.

The gain from recent openings in family apparel, women's apparel, shoe stores and sporting goods was partially offset by the decline in department stores and electronics/appliance stores. Nonetheless, Glendale's retail locations are high performing compared to others in the region.

The usual temporary payment deviations overstated the rise in restaurants and hotels from new locations combined with positive results in same store sales in all categories. Building and construction posted a double-digit increase while the City's share of the countywide pool rose in excess of 6% compared to a year ago.

Net of aberrations, taxable sales for all of Los Angeles County grew 2.7% over the comparable time period; the Southern California region was up 3.1%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Allen Gwynn Chevrolet	Glendale Subaru/Mitsubishi
Apple	Home Depot
Bloomingdales	JC Penney
Bob Smith Toyota	Lexus of Glendale
Calstar Mercedes	Macys
Car Pros Kia Glendale	Nordstrom
CVS	Pacific BMW
Diamond Honda of Glendale	Star Ford Lincoln
Financial Services Vehicle Trust	Target
Glendale Dodge Chrysler Jeep	Toyota Lease Trust
Glendale Hyundai	Toyota of Glendale Scion
Glendale Nissan Infiniti	Video Equipment Rental
	Vons

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$30,590,305	\$32,390,932
County Pool	4,714,403	5,650,127
State Pool	24,372	30,540
Gross Receipts	\$35,329,080	\$38,071,599
Less Triple Flip*	\$(10,545,111)	\$(9,312,234)

\*Reimbursed from county compensation fund

**California Overall**

The local one-cent share of the statewide sales and use tax was 3.1% higher than the year-ago quarter after excluding payment aberrations.

Gains in the countywide use tax pools were the largest contributor to the increase due to the growing impact of online purchases from out-of-state sellers and the corresponding shift of tax revenues from brick and mortar retail stores to fulfillment centers that process orders online. Not surprisingly, areas with concentrations of young, affluent buyers saw the highest online sales growth and the weakest general consumer goods results.

Solid results from auto sales and leases, transportation rentals, contractor supplies and restaurants also contributed to the overall increase.

The 5.6% gain in the business-industry sector was bolstered by onetime receipts for equipment purchases related to alternative energy projects.

Most general consumer goods categories were flat or down, except for specialty stores, electronics-appliance stores and home furnishings, consistent with the trend of consumers buying more from online retailers.

Gains from most other segments were relatively modest, while lower prices at the pump caused an 11.4% decline in fuel tax revenues, extending the decline to a sixth consecutive quarter.

**Robust Growth in Online Sales**

National surveys reveal that consumers buy online to avoid crowds, save time and find better bargains. Online shopping also benefits buyers in rural areas with fewer shopping options.

Total online spending comprised 12.8% of all general consumer goods purchases in 2015, up from 3.4% in 2000.

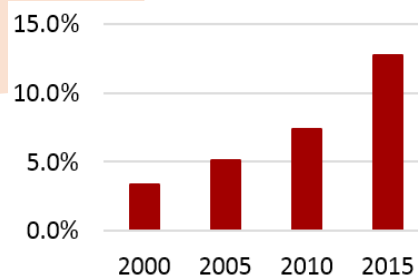
According to Forrester Research, Amazon accounted for 60% of total online sales growth in 2015.

Though the online share of overall sales

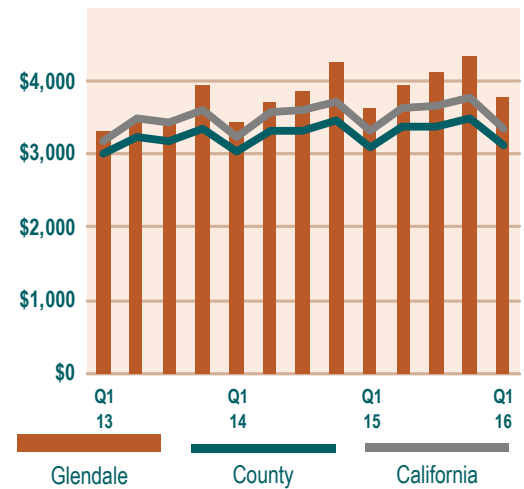
remains relatively modest, the year-over-year growth rate indicates a major shift in retailing is well underway. In response, more and more traditional brick and mortar retailers are opening online sales channels in recognition of this growing trend largely powered by younger buyers.

Department store chains have been particularly hard hit as Amazon has expanded its offerings to include apparel and fashion merchandise. Media reports indicate Macy's recently suffered its worse quarterly sales since the recession, while Nordstrom, J.C. Penney and Kohl's all reported lower sales. Each of these chains has established a solid web presence in a fight to retain market share.

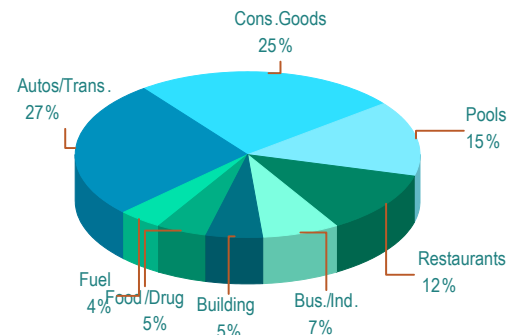
**Online General Consumer Goods  
YOY Percentage Growth**



**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP  
Glendale This Quarter**



**GLENDALE TOP 15 BUSINESS TYPES**

Business Type	<i>*In thousands of dollars</i>			
	Glendale Q1 '16*	Glendale Change	County Change	HdL State Change
Auto Lease	457.0	20.9%	11.4%	18.0%
Casual Dining	477.8	9.5%	8.0%	5.6%
Department Stores	456.6	-3.4%	-4.6%	-4.7%
Discount Dept Stores	— CONFIDENTIAL —		-0.9%	-0.3%
Electronics/Appliance Stores	304.3	-7.2%	2.8%	2.8%
Family Apparel	396.2	0.8%	1.9%	-0.6%
Grocery Stores Liquor	127.6	5.6%	0.7%	1.7%
Lumber/Building Materials	211.2	6.4%	8.2%	4.5%
Motion Pictures/Equipment	— CONFIDENTIAL —		-77.6%	-65.8%
New Motor Vehicle Dealers	1,652.1	2.8%	3.3%	3.1%
Plumbing/Electrical Supplies	151.6	20.3%	14.3%	-7.9%
Quick-Service Restaurants	410.8	10.4%	4.8%	6.4%
Service Stations	358.4	-6.4%	-7.4%	-9.3%
Specialty Stores	232.5	1.2%	5.9%	3.5%
Women's Apparel	179.0	24.1%	-1.6%	-1.6%
<b>Total All Accounts</b>	<b>7,600.3</b>	<b>4.6%</b>	<b>1.7%</b>	<b>1.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>1,322.9</b>	<b>6.8%</b>	<b>11.3%</b>	<b>14.1%</b>
<b>Gross Receipts</b>	<b>8,923.2</b>	<b>4.9%</b>	<b>2.8%</b>	<b>3.2%</b>