



# Rancho Santa Margarita Sales Tax Update

Second Quarter Receipts for First Quarter Sales (January - March 2014)

## Rancho Santa Margarita In Brief

Receipts for Rancho Santa Margarita's January through March sales were 0.5% lower than the same quarter one year ago. Actual sales activity was down 0.8% when reporting aberrations were factored out.

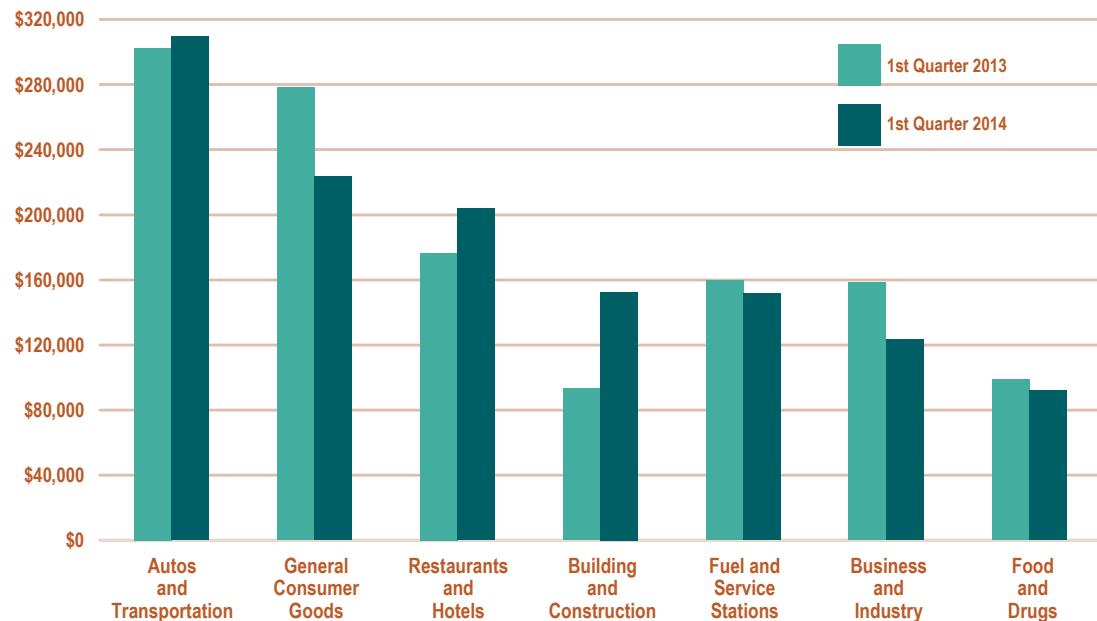
A business closeout that reduced receipts from general consumer goods and a onetime accounting adjustment that negatively impacted business and industry were primarily responsible for the current decrease.

Receipts from grocery stores were temporarily depressed by a onetime reporting aberration. Lower fuel prices caused most of the decrease in service stations.

The losses were offset by double-up payments that increased returns from several categories and recent additions that helped boost revenues from restaurants and the food & drugs sector.

Adjusted for aberrations, taxable sales for all of Orange County increased 4.7% over the comparable time period, while the Southern California region as a whole was up 3.7%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS IN ALPHABETICAL ORDER

Albertsons	Pavillions
Applied Medical Distribution	Rancho Santa Margarita Honda
Bed Bath & Beyond	Ross
BJs Restaurant & Brewhouse	Santa Margarita Ford
Circle K	Santa Margarita Toyota Scion
CVS Pharmacy	Staples
De Naults True Value Hardware	Target
Embarcadero California Bistro	Tesoro
Hannas Restaurants & Bar	Town Center Car Wash
Hat Petroleum	Verizon Wireless
Honda Lease Trust	Walmart Neighborhood Market
Kohls	Wood Ranch BBQ & Grill
Lowes	

## REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$5,336,146	\$5,406,815
County Pool	573,831	621,728
State Pool	2,802	3,638
<b>Gross Receipts</b>	<b>\$5,912,779</b>	<b>\$6,032,180</b>
<b>Less Triple Flip*</b>	<b>\$(1,478,195)</b>	<b>\$(1,508,045)</b>

\*Reimbursed from county compensation fund

## Statewide Results

Net of payment aberrations, first quarter retail sales were 3.8% higher than the same period one year earlier.

Sales of new automobiles were up 9.4%, stimulated by pent up demand, consumer interest in new feature-rich models and easy financing options. The building and construction sector reported solid gains in a number of categories, notably contractors, sellers of lumber/building materials and suppliers of plumbing/electrical equipment. Restaurant and hotel receipts increased by 6.4%, out-pacing all other industry groups except autos and transportation.

Proceeds from general consumer goods were flat primarily due to the ongoing shift from brick-and-mortar stores to online retailers, many of which allocate the local sales tax to the countywide allocation pools. Gains from most other segments were relatively modest, while tax revenues from fuel sales experienced a fifth consecutive quarterly drop.

## Sales Tax and the Drought

All of California is currently under either severe or exceptional levels of drought and is experiencing the driest 30 month period in the state's recorded history.

A recent study by UC Davis projects that the socioeconomic impacts of the current drought will be 50% more severe than in 2009 with 410,000 acres of row and feed crops taken out of production in order to preserve diminishing water supplies for longer term orchard and vineyard investments and the thinning of cattle and dairy herds in anticipation of green pasture shortages. A loss of 14,500 jobs is estimated as are higher food prices and increased energy costs to replace the loss of inexpensive hydro power.

Even so, most analysts predict that the near term impact on the overall statewide economy and 2014-15 sales tax receipts should be minor though some localized pockets may be vulnerable where dependency on agricultural and water-related tourism expenditures is exceptionally high.

The analysts point out that less than 3% of the state's economy comes from agriculture and that in many areas surface water supplies are being replaced with increased pumping of groundwater. They further estimate that the impact of job losses will be offset by employment growth in other segments of the economy. They also note that government drought aid, crop insurance, unemployment benefits and public assistance programs will temporarily avert some potential economic and revenue impacts.

The longer term concern is that the drought could persist for another two or three years. Groundwater

supplies are being pumped out at a faster rate than can be naturally recharged and a UC Berkeley analysis suggests that the relatively wet 20th century was an anomaly. If that is true and the state reverts to a suspected drier norm, the impact on the economy, environment, fire safety and food and energy costs will become more severe and far reaching.

## SALES PER CAPITA



## RANCHO SANTA MARGARITA TOP 15 BUSINESS T

Business Type	*In thousands		Rancho Santa Margarita	County	HdL State
	Q1 '14*	Change	Change	Change	Change
Casual Dining	73.6	10.9%	6.1%	7.1%	
Department Stores	— CONFIDENTIAL —		-4.5%	-5.2%	
Discount Dept Stores	— CONFIDENTIAL —		-2.7%	-2.6%	
Drug Stores	24.3	-10.6%	-10.2%	-9.8%	
Electronics/Appliance Stores	25.1	-9.5%	1.8%	2.4%	
Fast-Casual Restaurants	30.9	11.4%	11.3%	10.6%	
Fine Dining	— CONFIDENTIAL —		10.7%	12.7%	
Grocery Stores Liquor	56.3	-13.9%	-21.5%	-14.7%	
Heavy Industrial	20.7	28.7%	1.5%	7.7%	
Home Furnishings	24.7	-11.0%	7.6%	6.7%	
Lumber/Building Materials	— CONFIDENTIAL —		14.5%	16.8%	
Medical/Biotech	— CONFIDENTIAL —		21.5%	40.2%	
New Motor Vehicle Dealers	265.4	2.9%	12.0%	9.4%	
Quick-Service Restaurants	57.9	5.5%	3.4%	4.8%	
Service Stations	151.5	-5.0%	-2.7%	-1.0%	
<b>Total All Accounts</b>	<b>\$1,256.3</b>	<b>-0.9%</b>	<b>3.9%</b>	<b>3.2%</b>	
<b>County &amp; State Pool Allocation</b>	<b>\$151.8</b>	<b>3.3%</b>	<b>8.3%</b>	<b>7.7%</b>	
<b>Gross Receipts</b>	<b>\$1,408.1</b>	<b>-0.5%</b>	<b>4.3%</b>	<b>3.7%</b>	