



# Rancho Santa Margarita Sales Tax Update

Second Quarter Receipts for First Quarter Sales (January - March 2015)

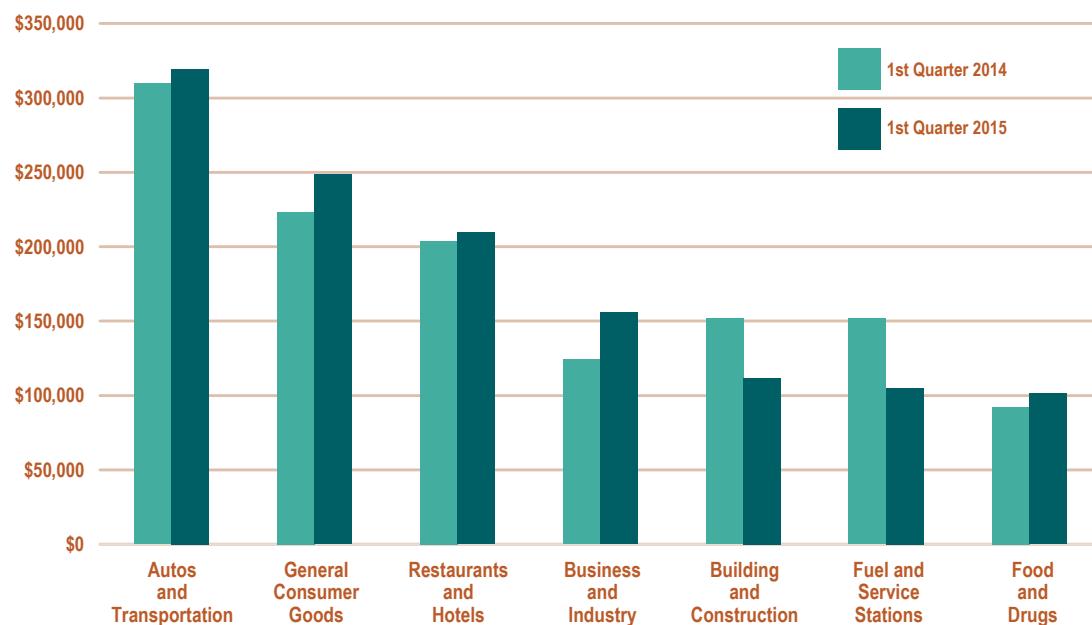
## Rancho Santa Margarita In Brief

The allocation of sales and use tax revenues from Rancho Santa Margarita's January through March sales was 0.6% lower than the same quarter one year ago. However, the data was skewed by a series of accounting adjustments that deflated comparisons within the building-construction group while inflating sales of business-industrial supplies and general consumer goods. Actual sales activity was up 0.5% after these and other reporting anomalies were factored out.

Auto related sales, restaurants and most categories of building and construction materials exhibited healthy actual gains but these were largely offset by declining fuel prices and a temporary reporting error within the business-industrial group.

Adjusted for reporting aberrations, sales and use tax receipts for all of Orange County increased 1.9% over the comparable time period, while Southern California as a whole was up 3.2%.

## 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
Burger King	Santa Margarita Ford
Circle K	Santa Margarita Toyota Scion
Combined Resources	Staples
CVS Pharmacy	Target
Denault Commercial	Tesoro
Hannas Restaurants & Bar	Town Center Car Wash
Hat Petroleum	Walmart Neighborhood Market
Honda Lease Trust	Wood Ranch BBQ & Grill
In N Out Burger	
Kohls	
Lowes	

## REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$5,406,815	\$5,453,683
County Pool	621,728	650,608
State Pool	3,638	3,590
<b>Gross Receipts</b>	<b>\$6,032,180</b>	<b>\$6,107,882</b>
<b>Less Triple Flip*</b>	<b>\$(1,508,045)</b>	<b>\$(1,526,970)</b>

\*Reimbursed from county compensation fund

## California as a Whole

Local one cent tax receipts from sales occurring January through March rose 3.65% over 2014's comparable quarter after adjusting for reporting anomalies.

An exceptionally strong quarter for auto sales/leases and restaurants was the primary contributor to the overall increase. A rise in building-construction materials was also a factor although much of this growth came from specific office and sports facility projects in Northern California.

Gains from sales of general consumer goods were primarily in value priced clothing, home furnishings and specialty retail which includes pet supplies and cosmetics. Online shopping involving goods shipped from out of state continues to shift a major portion of the growth in general consumer goods to the countywide pools.

The statewide gains were largely offset by a 21% decline in receipts from fuel and service stations.

## Tax on Services

The Board of Equalization has released an estimate that levying sales and use tax on services would raise over \$122.5 billion in state and local revenues or enough to lower the overall tax rate to under 4%.

Originally imposed in 1933 as a 2 1/2% tax with only three exemptions, the legislature has gradually exempted more and more goods from the sales tax while raising rates to compensate for the corresponding revenue loss. This and the state's shift from a manufacturing to service economy has created the nation's highest sales tax rate on the narrowest basket of goods.

Although more discussion is needed, there is interest in expanding the sales tax to services and lowering the rate to make the tax less regressive and

more competitive while providing greater flexibility in the development of local tax bases.

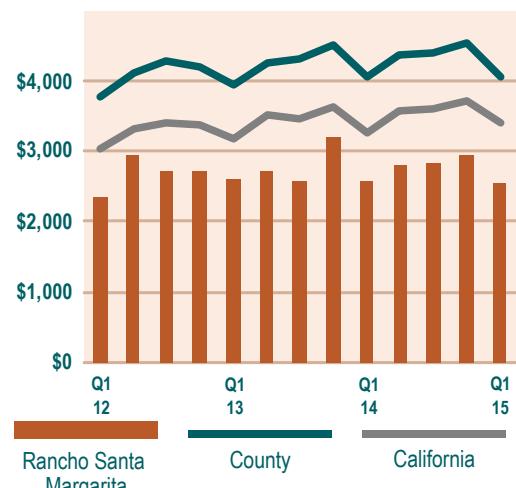
## Tax on Jet Fuel

The Federal Aviation Administration has ruled that sales taxes on jet fuel must only be used for airport and aviation programs. The rule applies to taxes levied after 1987 but is unclear as to transactions tax districts, Proposition 172 revenues, or revenues collected by jurisdictions without airports. Clarification will not be available until FAA review and approval of a plan that has to be submitted by the state Department of Finance by December 8, 2015.

## Tax on Marijuana

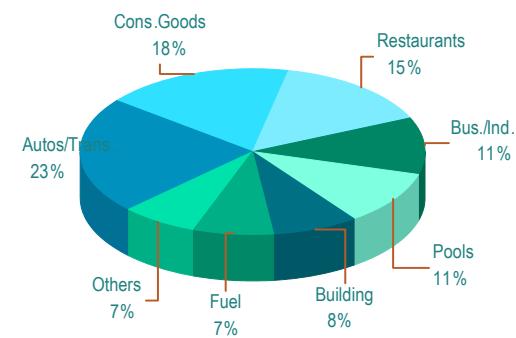
A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE findings are expected by November 2015.

## SALES PER CAPITA



## REVENUE BY BUSINESS GROUP

### Rancho Santa Margarita This Quarter



## RANCHO SANTA MARGARITA TOP 15 BUSINESS T

Business Type	*In thousands		County Change	HdL State Change
	Q1 '15*	Change		
Auto Lease	20.7	5.9%	12.1%	21.5%
Casual Dining	87.3	0.0%	4.5%	5.6%
Department Stores	— CONFIDENTIAL —		3.0%	2.0%
Discount Dept Stores	— CONFIDENTIAL —		3.6%	4.2%
Drug Stores	25.2	4.0%	9.3%	10.7%
Fast-Casual Restaurants	40.0	22.3%	12.8%	12.8%
Grocery Stores Liquor	52.4	12.3%	4.4%	5.0%
Home Furnishings	26.7	7.8%	10.4%	8.2%
Lumber/Building Materials	— CONFIDENTIAL —		-2.2%	-2.9%
Medical/Biotech	— CONFIDENTIAL —		-14.8%	5.2%
New Motor Vehicle Dealers	— CONFIDENTIAL —		9.0%	11.1%
Office Supplies/Furniture	23.5	17.9%	-54.3%	0.6%
Quick-Service Restaurants	55.5	-1.2%	10.3%	10.5%
Service Stations	105.0	-30.7%	-20.0%	-21.9%
Specialty Stores	37.4	335.3%	5.0%	9.9%
<b>Total All Accounts</b>	<b>\$1,251.5</b>	<b>-0.4%</b>	<b>1.3%</b>	<b>3.6%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$148.5</b>	<b>-2.2%</b>	<b>-0.6%</b>	<b>1.1%</b>
<b>Gross Receipts</b>	<b>\$1,400.0</b>	<b>-0.6%</b>	<b>1.1%</b>	<b>3.3%</b>