

Q2 2019



City of Glendale Sales Tax Update

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

Glendale In Brief

Glendale's receipts from April through June were 10.5% above the second sales period in 2018. However, this comparison is inflated due to CDTFA's transition to a new reporting system. Excluding reporting aberrations, actual sales were up 2.5%.

A myriad of deviations accounted for the double-digit gain in general retail. However, once adjusted, most sectors were lower than a year-ago, except for electronics and department stores.

A new hotel pushed hospitality-related performance into positive territory rising 0.7% on an actual basis.

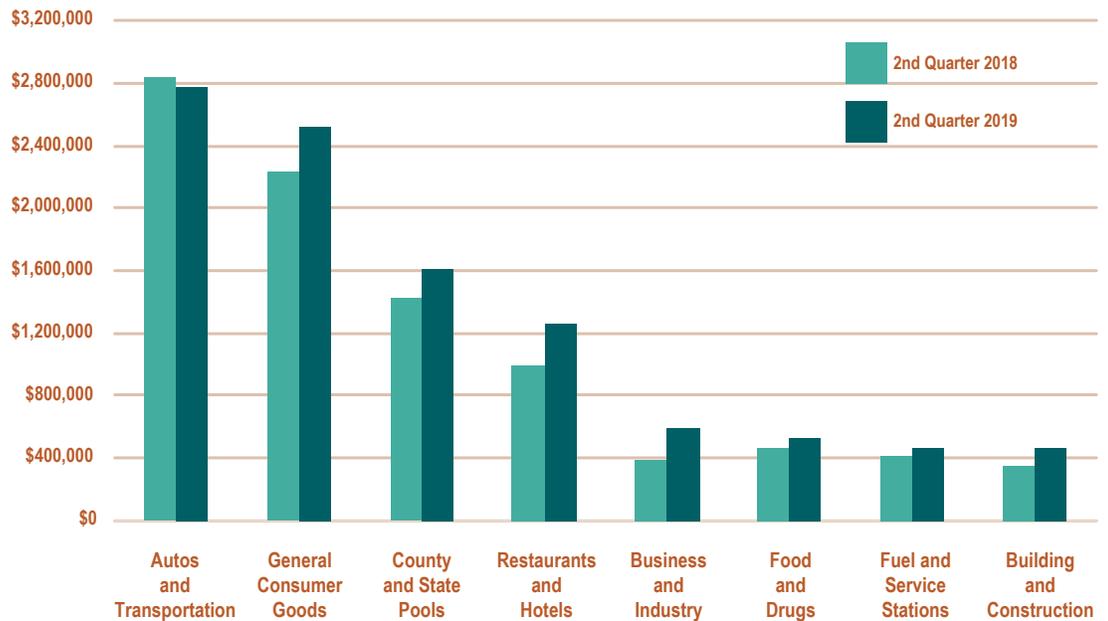
Year-ago double payments nailed cash results in the auto lease category which offset higher sales in new autos. Autos and transportation as a whole was actually up 10.1% compared to the comparable quarter.

The increase in the countywide use tax allocation pool continued to positively impact sales tax trends.

The recently approved transactions tax Measure S, which was effective April 1st, generated an additional \$5.2M.

Net of aberrations, taxable receipts for all of Los Angeles County grew 2.6% over the comparable time period; the Southern California region was up 2.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Allen Gwynn Chevrolet	Home Depot
Apple	JC Penney
Bloomington's	Lexus of Glendale
Bob Smith Toyota	Macys
Calstar Mercedes	New Century Honda
Car Pros Kia Glendale	Nordstrom
CDW Direct	Pacific BMW
CDW Government	Ralphs
Financial Services Vehicle Trust	Star Auto Group
Glendale Dodge Chrysler Jeep	Target
Glendale Subaru/Mitsubishi	Tesla Motors
	Toyota Lease Trust
	Toyota of Glendale
	Scion
	Vons

REVENUE COMPARISON

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

	2017-18	2018-19
Point-of-Sale	\$24,549,719	\$40,517,798
County Pool	3,483,586	6,018,891
State Pool	19,161	20,263
Gross Receipts	\$28,052,467	\$46,556,951
Measure S	\$0	\$5,241,350

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-

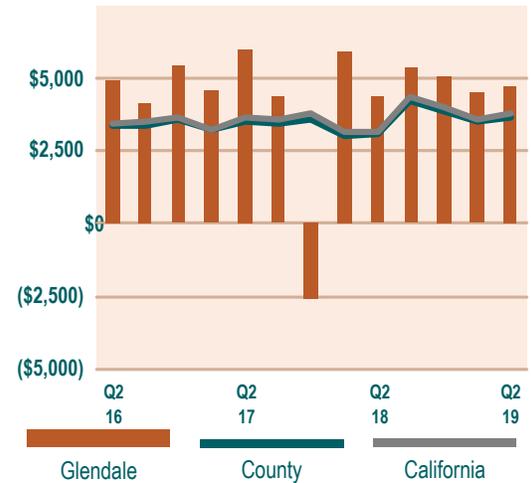
turns and exchanges.

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.

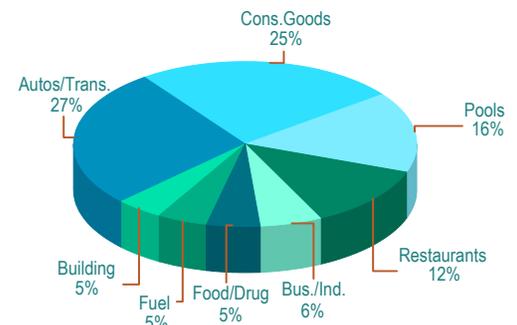
AB 147 requires out-of-state retailers with annual combined sales of \$500,000 or more to now collect and remit this state's sales and use tax from its customers. Applying the \$500,000 threshold to the sum total of all the third-party transactions that facilitators process for their clients, is hoped 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
Glendale This Quarter



GLENDALE TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Glendale Q2 '19*	Glendale Change	County Change	HdL State Change
Auto Lease	543.0	-45.9%	-49.4%	-48.7%
Building Materials	251.3	54.3%	48.8%	34.1%
Casual Dining	632.2	38.0%	23.0%	24.5%
Convenience Stores/Liquor	156.5	7.0%	11.7%	14.9%
Department Stores	512.8	-21.7%	-19.7%	-24.7%
Electronics/Appliance Stores	527.5	69.2%	10.5%	7.0%
Family Apparel	441.6	30.6%	43.1%	45.3%
Grocery Stores	229.8	6.8%	10.5%	9.6%
New Motor Vehicle Dealers	1,887.1	27.2%	7.5%	5.4%
Plumbing/Electrical Supplies	187.7	48.9%	34.5%	28.9%
Quick-Service Restaurants	423.1	11.8%	12.9%	15.9%
Receivables/Master Outlets	1,217.6	-3.0%	12.6%	128.3%
Service Stations	464.7	12.4%	39.6%	51.4%
Specialty Stores	207.9	-2.5%	-3.3%	-8.4%
Women's Apparel	178.8	-0.2%	5.0%	5.7%
Total All Accounts	9,803.9	9.9%	18.4%	20.1%
County & State Pool Allocation	1,615.9	13.7%	22.4%	22.4%
Gross Receipts	11,419.8	10.5%	19.0%	20.4%