

# Q1 2016



# South El Monte Sales Tax *Update*

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

## South El Monte In Brief

Receipts from South El Monte's January through March sales were 6.6% higher than the same quarter one year ago.

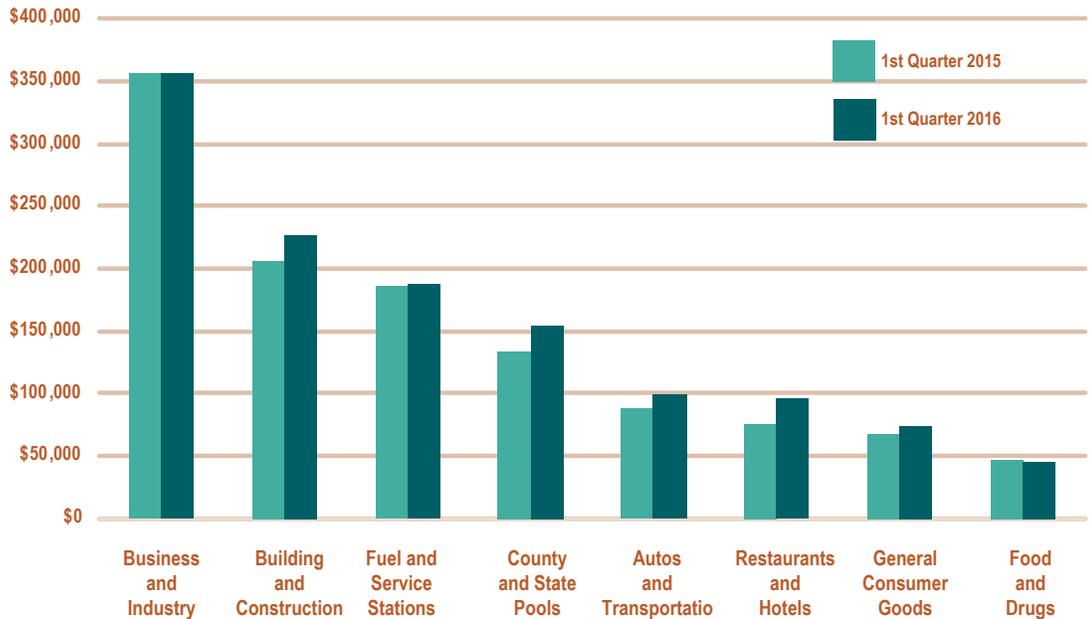
An eatery remodel/reopening plus net higher sales buoyed all restaurant categories. Most autos and transportation sectors enjoyed higher sales boosting overall group revenues. Despite continued lower fuel prices, a favorable payment adjustment grew service station receipts.

Strong building and material sales lifted building and construction returns. Several general consumer goods segments experienced improved sales. A 15.3% larger allocation from the countywide use tax pool further contributed to the increase.

The City's voter-approved Measure R transaction tax generated \$489,295 for the quarter, an increase of 0.2% over the prior year.

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

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

2010 Office Furniture	Greencastle Cabinetry
A & R Auto	IMS
Ace Lumber & Supply	Leader Industries
Arco AM PM (2)	Marshalls
BIG Enterprises	McDonalds
Cardinal Paint & Powder	Mikes Shell
Chevron	Peck Durfee Mobil
DDC Electric Supply	Quartz Max
El Monte Gas N Save	S & M Oil
El Monte Ornamental Supply	Smardan Hatcher
Exquisite Cabinet & Counter Top	Southeast Concrete Products
	Superior Grocers
	USA Gas

## REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$4,114,968	\$4,318,425
County Pool	515,575	577,339
State Pool	2,664	2,720
<b>Gross Receipts</b>	<b>\$4,633,207</b>	<b>\$4,898,484</b>
Less Triple Flip*	\$(1,158,302)	\$(915,203)
<b>Measure R</b>	<b>\$1,989,810</b>	<b>\$1,967,128</b>

**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.

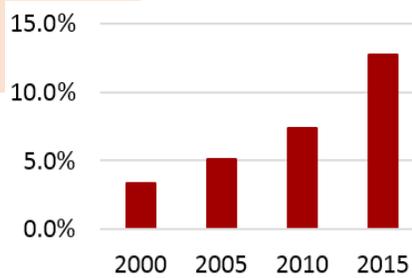
According to Forrester Research, Amazon accounted for 60% of total online sales growth in 2015.

Though the online share of overall sales

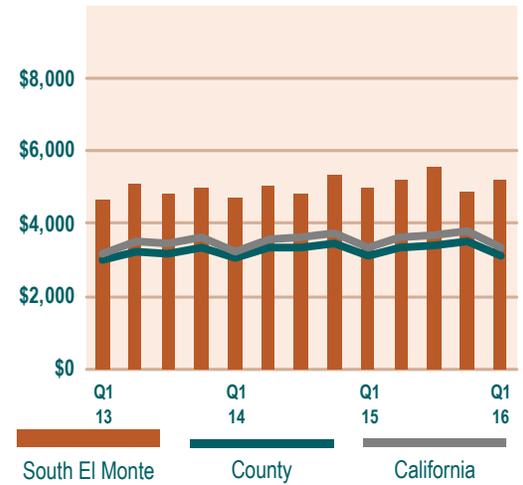
remains relatively modest, the year-over-year growth rate indicates a major shift in retailing is well underway. In response, more and more traditional brick and mortar retailers are opening online sales channels in recognition of this growing trend largely powered by younger buyers.

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.

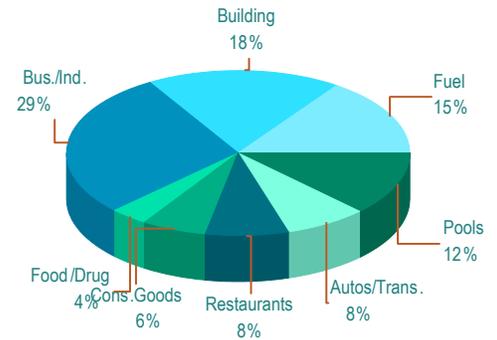
**Online General Consumer Goods  
YOY Percentage Growth**



**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP  
South El Monte This Quarter**



**SOUTH EL MONTE TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	South El Monte Q1 '16*	South El Monte Change	County Change	HdL State Change
Auto Repair Shops	29.0	31.3%	7.7%	7.3%
Automotive Supply Stores	29.4	18.8%	5.4%	4.8%
Contractors	135.3	5.4%	6.5%	1.6%
Drugs/Chemicals	— CONFIDENTIAL —	—	-12.9%	-7.0%
Food Service Equip./Supplies	19.6	-58.3%	-16.0%	-1.4%
Heavy Industrial	78.6	2.2%	2.9%	-2.1%
Light Industrial/Printers	51.9	-4.0%	-3.9%	-1.7%
Lumber/Building Materials	28.0	14.7%	8.1%	4.5%
Office Supplies/Furniture	— CONFIDENTIAL —	—	-14.5%	-7.0%
Plumbing/Electrical Supplies	59.6	17.2%	14.8%	12.0%
Quick-Service Restaurants	73.4	30.7%	4.7%	6.3%
Repair Shop/Equip. Rentals	17.2	-18.4%	10.3%	7.7%
Service Stations	179.1	1.0%	-7.4%	-9.3%
Trailers/Auto Parts	— CONFIDENTIAL —	—	50.4%	20.8%
Used Automotive Dealers	33.7	-9.6%	2.0%	9.3%
<b>Total All Accounts</b>	<b>1,084.0</b>	<b>5.4%</b>	<b>1.7%</b>	<b>1.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>153.7</b>	<b>15.3%</b>	<b>11.3%</b>	<b>14.1%</b>
<b>Gross Receipts</b>	<b>1,237.7</b>	<b>6.6%</b>	<b>2.8%</b>	<b>3.2%</b>