

Q1 2019



South El Monte Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2019)

South El Monte In Brief

Receipts from South El Monte during January through March were 8.7% higher than the same sales quarter last year. Actual sales activity increased 0.5% after accounting aberrations were factored out.

Missing payments in the year-ago quarter, due to the errors with the implementation of new CDTFA software, exaggerated business-industry returns and was a significant factor in the current quarter overall increase.

A new retail merchant helped buoy general consumer goods receipts. Service station revenues were up 15.8% due to a favorable payment adjustment. However, on an adjusted basis, results were down 13.7% due to lower fuel prices and lower sales.

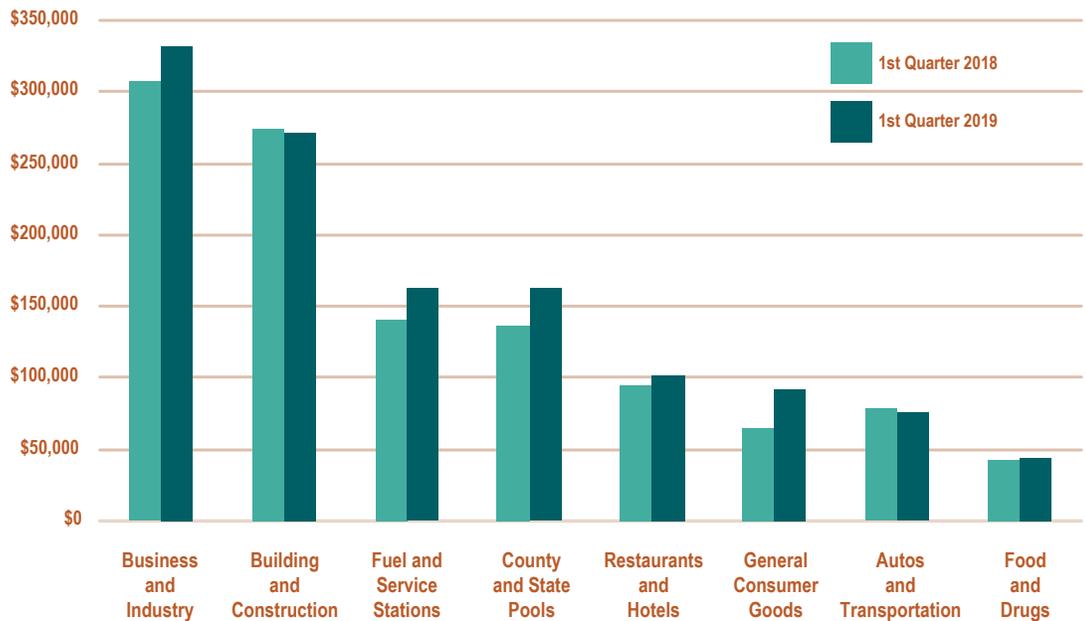
New eatery openings and net higher sales boosted all restaurant categories. A larger allocation from the countywide use tax pool further contributed to the increase.

The gains were partially offset by business closures which depressed building-construction results.

Additionally, the City's voter approved Measure R half-cent transaction tax generated \$522,213, a 12.5% increase over last year.

Net of aberrations, taxable sales for all of Los Angeles County and the Southern California region was up 0.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

2010 Office Furniture	Exquisite Cabinet & Counter Top
American Auctioneers Group	Greencastle Cabinetry
Arco AM PM	KB Stone & Cabinet
Asia Building Supply	Leader Industries
Cardinal Paint & Powder	Marshalls
Chevron	McDonalds
DDC Electric Supply	Mobil
Dealsaday	Quartz Max
El Monte Gas N Save	Shell
El Monte Ornamental Supply	Smardan Supply Co
Element Vape	South Pacific Steel
	Southeast Concrete Products
	Superior Grocers
	USA Gas

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date (Q3 to Q1)

	2017-18	2018-19
Point-of-Sale	\$3,222,624	\$3,728,721
County Pool	449,801	532,547
State Pool	2,050	1,942
Gross Receipts	\$3,674,475	\$4,263,210
Measure R	\$1,522,553	\$1,809,632

Statewide Results

Local sales and use tax receipts from January through March sales were 1.0% higher than the first quarter of 2018 after factoring out accounting anomalies and back payments from previous state reporting shortfalls. This was the lowest percentage increase since first quarter, 2010.

The growth came primarily from a solid quarter for purchases related to expanding logistics, medical and technology facilities and modest gains in building-construction supplies and restaurants. Cannabis sales produced a slight uptick in the food-drug group.

Lower fuel prices and declining general consumer good purchases offset the gains. The shift to internet purchases continued with online shopping accounting for 22.3% of the total general consumer goods segment versus 20.2% one year ago. Tax receipts from new car sales exhibited significant reductions although the drop was partially offset by an upswing in used autos and auto leases.

Regional changes ranged from a decline of 2.1% to gains as high as 4.4%. However, the differences were primarily attributable to onetime projects or capital purchases and not reflective of overall economic trends.

Slower Growth Ahead?

July marks ten years of continuous economic growth which is the longest period of U.S. economic expansion on record. However, analysts from a variety of economic segments are reporting signs that we may be leveling off.

This quarter marked the eighth consecutive comparative period decline in California new car registrations with analysts noting that higher prices and a growing supply of vehicles coming off lease are making used cars more attractive. They also note that on-demand services such as Uber and Lyft are making it easier for debt-burdened millennials to avoid buying cars altogether.

Rising restaurant menu prices, renewed competition from grocer prepared meals, and cutbacks in foreign tourism appear to be reducing restaurant patronage which in recent years was one of the state's fastest growth segments. There will be an uptick in the second quarter's fuel-related tax receipts because of that period's refinery shutdowns; lower crude oil costs are expected to produce subsequent declines.

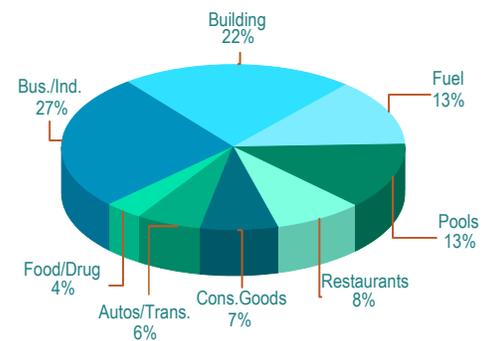
Uncertainty over U.S. tariff and trade policies plus labor shortages are delaying some investment and business expansion decisions while reduced home sales and two quarters of declining construction permit values suggest a potential future leveling in that sector. Investment in technological advances should continue and remain strong.

Economic shifts are not the only factor leveling sales tax revenues. With an economy based on intellectual technology rather than goods and consumer priorities shifting to non-taxable services and experiences, sales tax no longer reflects 21st century spending. Each year therefore, the portion of the economy that is taxed, shrinks.

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 '19*	Change	County Change	HdL State Change
Auto Repair Shops	26.2	11.5%	15.0%	12.8%
Automotive Supply Stores	26.4	20.1%	12.5%	8.7%
Building Materials	21.3	-36.0%	3.9%	4.0%
Casual Dining	25.1	3.4%	14.7%	13.3%
Contractors	191.3	4.1%	9.0%	4.7%
Convenience Stores/Liquor	18.7	6.7%	15.5%	16.2%
Family Apparel	— CONFIDENTIAL —		2.7%	7.1%
Food Service Equip./Supplies	23.4	15.2%	12.4%	11.2%
Heavy Industrial	85.9	4.2%	22.1%	15.4%
Light Industrial/Printers	57.4	14.5%	17.7%	13.7%
Plumbing/Electrical Supplies	54.5	0.5%	6.9%	4.6%
Quick-Service Restaurants	62.2	-0.7%	8.3%	10.1%
Repair Shop/Equip. Rentals	18.7	6.8%	40.3%	38.1%
Service Stations	153.4	16.4%	21.9%	15.8%
Trailers/Auto Parts	— CONFIDENTIAL —		2.6%	-6.3%
Total All Accounts	1,079.7	7.2%	16.5%	13.5%
County & State Pool Allocation	162.3	19.4%	29.8%	23.8%
Gross Receipts	1,241.9	8.7%	18.1%	14.9%