

Q2 2019



South El Monte Sales Tax *Update*

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

South El Monte In Brief

South El Monte's receipts from April through June were 58.6% above the second sales period in 2018. This comparison was inflated, however, by the CDTFA's transition to a new reporting system in the prior year that temporarily delayed distributions to the City. Adjusted for proper payment timing, results were up 7.5%, outperforming the State and regional trend.

The largest factor in this improvement was greater allocations from the countywide use tax pool. The Pool is allocated proportionately among county agencies based on quarterly cash results and the City's strong relative performance resulted in a larger share of this funding.

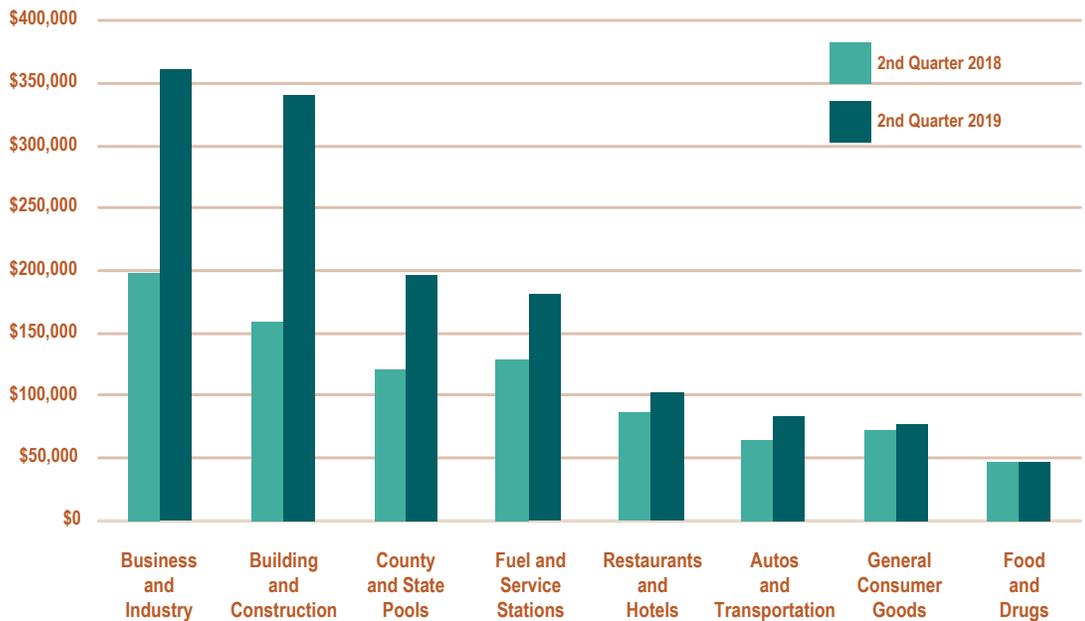
Multiple contractors reported receipts at record levels and results were further bolstered by the opening of a new business in this category.

In contrast, heavy industrial sales were lower.

The City's voter approved half-cent transaction tax, Measure R, generated an additional \$584,000, a 34.3% increase over last year.

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 2.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

2010 Office Furniture	Garvey Mart & Service
Arco AM PM	Graphic Tech
Asia Building Supply	Greencastle Cabinetry
Cardinal Paint & Powder	KB Stone & Cabinet
Castle Granite	Leader Industries
Chevron	Marshalls
Coast Appliance Parts	McDonalds
DDC Electric Supply	Mobil
El Monte Ornamental Supply	Quartz Max
Element Vape	Shell
Exquisite Cabinet & Counter Top	Smardan Supply Co
	Southeast Concrete Products
	Superior Grocers
	USA Gas

REVENUE COMPARISON

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

	2017-18	2018-19
Point-of-Sale	\$3,979,049	\$4,922,863
County Pool	570,113	728,845
State Pool	2,337	2,463
Gross Receipts	\$4,551,499	\$5,654,172
Measure R	\$1,957,553	\$2,393,688

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-

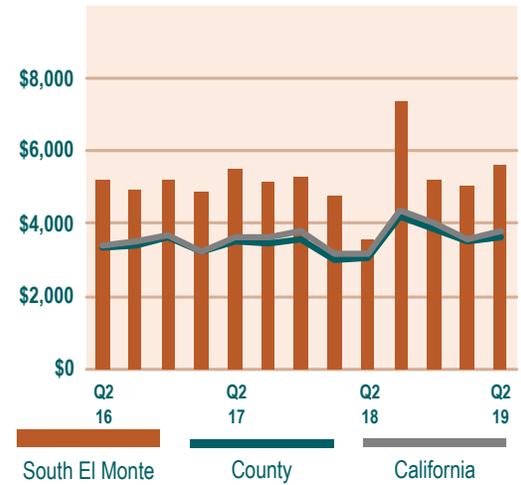
turns and exchanges.

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.

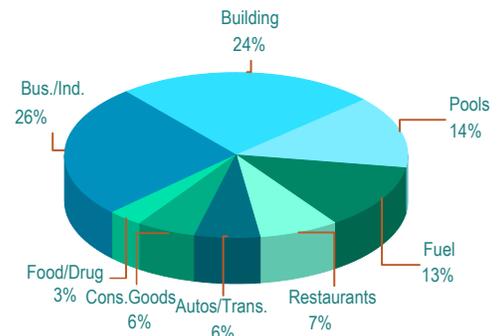
AB 147 requires out-of-state retailers with annual combined sales of \$500,000 or more to now collect and remit this state's sales and use tax from its customers. Applying the \$500,000 threshold to the sum total of all the third-party transactions that facilitators process for their clients, is hoped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



SOUTH EL MONTE TOP 15 BUSINESS TYPES

Business Type	South El Monte		County	HdL State
	Q2 '19*	Change	Change	Change
Auto Repair Shops	31.3	43.3%	21.6%	21.6%
Automotive Supply Stores	27.2	43.3%	13.8%	16.4%
Building Materials	27.4	115.7%	48.8%	34.2%
Casual Dining	28.7	131.0%	22.9%	24.5%
Contractors	236.6	107.7%	20.3%	26.8%
Convenience Stores/Liquor	21.5	9.3%	11.8%	14.9%
Family Apparel	— CONFIDENTIAL —		43.1%	45.3%
Food Service Equip./Supplies	30.9	42.2%	36.9%	33.7%
Heavy Industrial	92.9	46.1%	67.0%	42.4%
Light Industrial/Printers	64.6	53.9%	72.5%	51.4%
Plumbing/Electrical Supplies	72.9	144.9%	34.5%	28.6%
Quick-Service Restaurants	61.8	-3.8%	12.9%	15.7%
Repair Shop/Equip. Rentals	24.7	105.6%	40.4%	29.3%
Service Stations	171.3	43.4%	39.6%	51.4%
Trailers/Auto Parts	60.9	na	51.7%	78.5%
Total All Accounts	1,194.1	57.9%	18.4%	20.1%
County & State Pool Allocation	196.8	63.2%	22.4%	22.4%
Gross Receipts	1,391.0	58.6%	19.0%	20.4%