

Q3 2019



South El Monte Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2019)

South El Monte In Brief

South El Monte's receipts from July through September were 21.2% below the third sales period in 2018. Excluding reporting aberrations, actual sales were up 7.7%.

Solid sales growth from trailer and auto parts and food service equipment contributed significantly to the increase over the prior year.

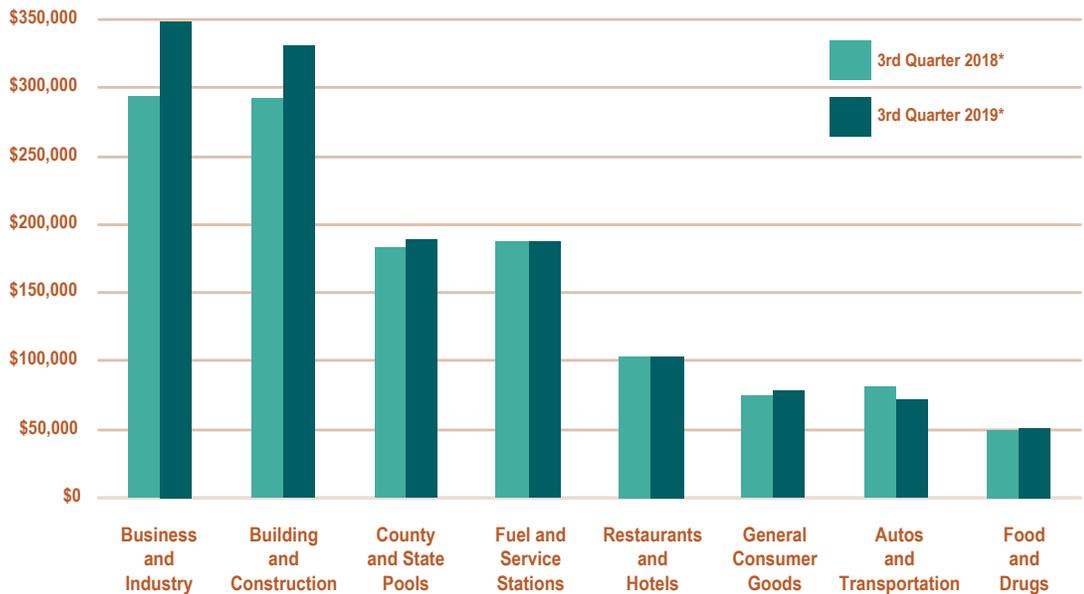
The City also experienced strong building activity from contractors and plumbing electrical suppliers; a trend that has outpaced state and county sales for three out of four quarters.

The gains were partially offset by weak returns of used car dealers compared to a year ago.

Voter-approved half-cent transaction tax Measure R generated an additional \$606,004 in revenue this quarter; a 15 % decline compared to a year ago.

Net of aberrations, taxable sales for all of Los Angeles County grew 2.7% over the comparable time period; the Southern California region was up 2.8%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

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

REVENUE COMPARISON

One Quarter – Fiscal Year To Date (Q3)

	2018-19	2019-20
Point-of-Sale	\$1,553,368	\$1,191,291
County Pool	210,843	199,165
State Pool	797	476
Gross Receipts	\$1,765,009	\$1,390,932
Measure R	\$712,970	\$606,004

Statewide Results

The local one-cent share of statewide sales and use tax from sales occurring July through September was 2.2% higher than the summer quarter of 2018 after adjusting for accounting anomalies.

The bulk of the increase came from the countywide use tax allocation pools and is due to the acceleration in online shopping where a large volume of the orders are shipped from out-of-state.

Online shopping also produced gains in the business-industrial group with in-state industrial zoned logistics centers filling orders previously taken by brick and mortar retailers. Purchases to support healthcare, food processing, logistics/warehouse operations and information/data technology also helped offset declines in other business-related categories.

With the exception of some discount and value-oriented retail, most categories of general consumer goods were down. New cannabis related start-ups offset declines in the food and drug group while a softening in building-construction receipts was consistent with recent declines in the volume and value of new building permit issuances.

Overall growth in restaurant receipts continued to soften with a shift toward lower cost dining establishments and takeout meal options. Reports of labor shortages and the impact of homelessness on customer traffic in metropolitan areas were reportedly factors in the decline in tax revenues from higher price, fine dining establishments.

Despite a slight uptick in used auto and auto lease receipts, the auto related group was significantly down due to a drop in new car and RV sales. Previously propped up by a 23% subprime rated customer base and six- and seven-year financing, loan delinquencies have recently surged back to levels last seen in 2009.

Additional Tax Districts Approved

Voters approved eight of the nine sales

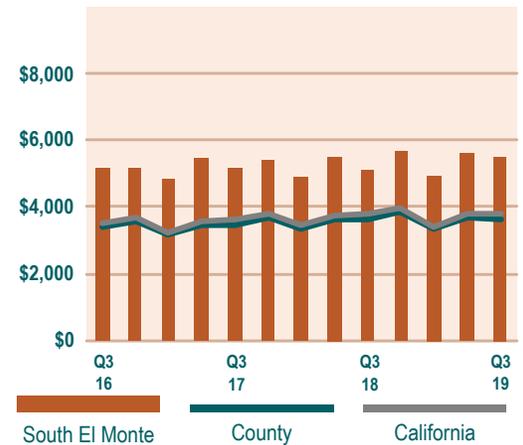
tax measures on the November 2019 ballot adding six new districts and extending two others.

This brings the total number of local transactions and use tax districts (TUT's) to 325 with 62 that are levied countywide and 263 imposed by individual cities. The number of local districts have close to tripled over the last decade as agencies deal with rising costs and service needs. TUT's have been a favorable option as visitors contribute to the tax and a collection system is already in place that minimizes administrative and monitoring costs.

California's basic rule is that the rate for all local TUT's combined, shall not exceed 2.0% or a total of 9.25% including the state levy. However, the state legislature has authorized higher caps in some jurisdictions with the highest voter-approved, combined state/local rate now at 10.5%.

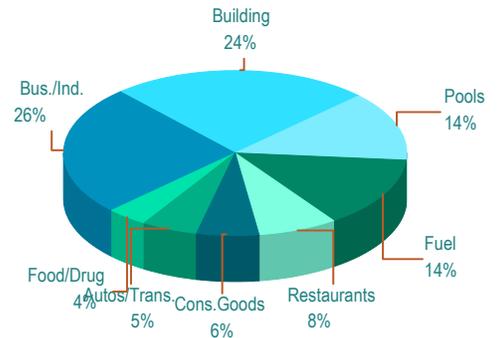
Thirty-five or more additional local TUT measures are currently being considered for the March 2020 ballot.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP
South El Monte This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

SOUTH EL MONTE TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	South El Monte Q3 '19*	Change	County Change	HdL State Change
Auto Repair Shops	28.5	13.3%	-0.2%	0.9%
Automotive Supply Stores	26.0	-7.1%	3.8%	3.8%
Building Materials	25.8	-1.4%	0.8%	0.2%
Casual Dining	25.9	11.6%	2.6%	2.3%
Contractors	232.6	15.2%	-3.6%	2.5%
Convenience Stores/Liquor	24.0	7.4%	2.1%	1.0%
Family Apparel	— CONFIDENTIAL —		0.3%	1.5%
Food Service Equip./Supplies	23.4	26.3%	3.9%	5.5%
Heavy Industrial	84.8	5.9%	-7.3%	0.6%
Light Industrial/Printers	54.6	1.6%	1.1%	2.2%
Plumbing/Electrical Supplies	69.1	16.0%	-5.9%	4.3%
Quick-Service Restaurants	65.9	-3.9%	1.6%	2.6%
Repair Shop/Equip. Rentals	23.4	25.6%	1.6%	2.0%
Service Stations	177.4	-0.2%	-3.9%	-1.5%
Trailers/Auto Parts	70.7	107.9%	1.3%	19.8%
Total All Accounts	1,173.2	8.5%	0.1%	0.2%
County & State Pool Allocation	188.6	3.0%	21.2%	14.9%
Gross Receipts	1,361.8	7.7%	2.7%	2.3%

** Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.