

# Q2 2019



# City of Pismo Beach Sales Tax *Update*

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

## Pismo Beach In Brief

Pismo Beach's receipts from April through June were 11.4% above the second sales period in 2018. However, this comparison is inflated due to CDTFA's transition to a new reporting system in the prior year which temporarily delayed distributions to the City. Excluding reporting aberrations, actual sales were down 8.6%.

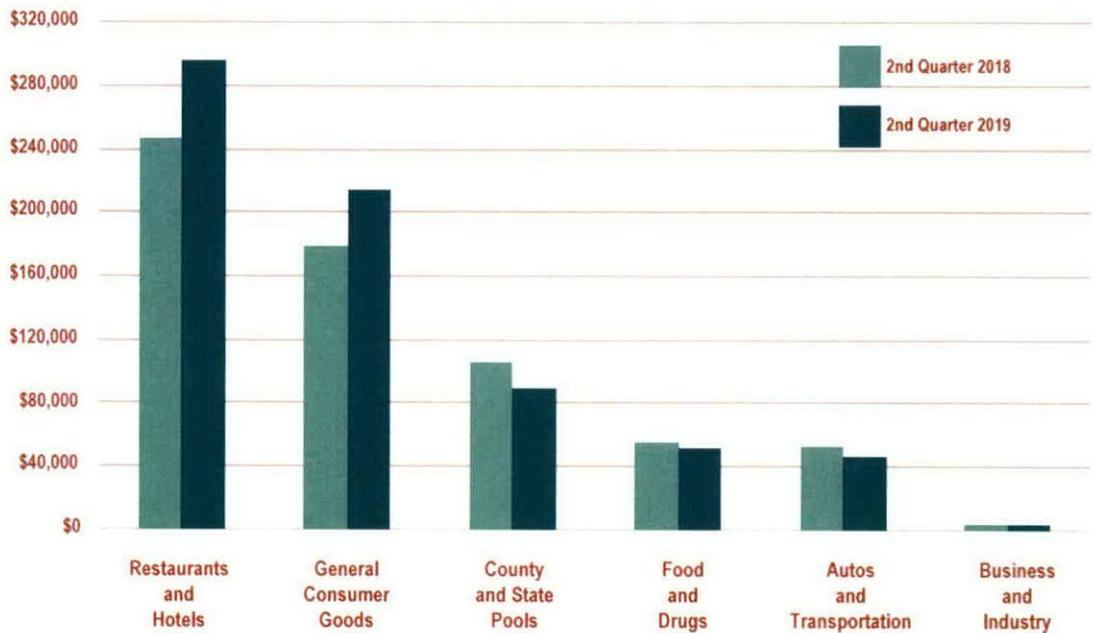
The recent closeout of a building-construction supplier and a one-time allocation received in the prior year were largely responsible for the overall decline in adjusted receipts. Sluggish sales by auto-transportation vendors and food-drug stores also diminished revenue.

These combined with a lower allocation from the countywide use tax pool due to diminished tax dollars compared to the prior year, further negatively impacted the overall results.

The City's voter approved half-cent transaction tax, Measure I, generating an additional \$407,921 or 16% increase over last year, was also dramatically impacted by CDTFA software changes. Once adjusted, the measure experienced a slight decrease of 1.5%, mostly related to the reasons above.

Net of aberrations, taxable receipts for all of San Luis Obispo County grew 3.1% over the comparable time period; the Central Coast region was up 2.8%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco AM PM	McDonalds
Brads Restaurant	Miller 76
California Fresh Market	Nike
Calvin Klein	Pacific Coast Rv
Chevron	Panchos Surf Shop
Cliffs at Shell Beach	Ross
Coach	Sky River RV
Cool Cat Cafe	Splash Cafe
Cracked Crab	Spyglass Shell
CVS Pharmacy	Vans
Giuseppes Cucina	Ventana Grill
Hoagies	Wooly's Oyster Loft
Levis Outlet	

### REVENUE COMPARISON

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

	2017-18	2018-19
Point-of-Sale	\$2,478,886	\$2,797,846
County Pool	384,882	398,019
State Pool	1,454	1,391
<b>Gross Receipts</b>	<b>\$2,865,222</b>	<b>\$3,197,256</b>
Measure I	\$1,484,937	\$1,651,186



**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-

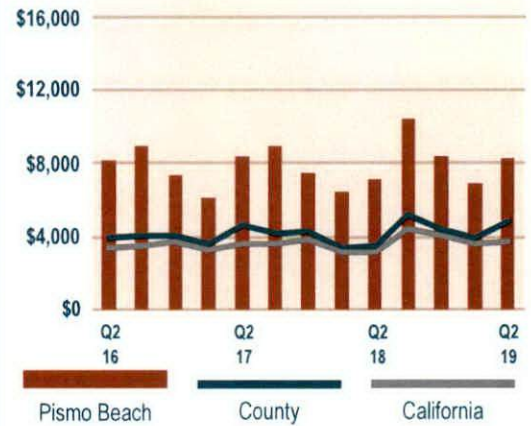
turns and exchanges.

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.

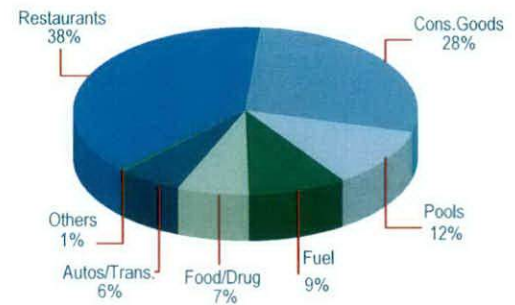
AB 147 requires out-of-state retailers with annual combined sales of \$500,000 or more to now collect and remit this state's sales and use tax from its customers. Applying the \$500,000 threshold to the sum total of all the third-party transactions that facilitators process for their clients, is hoped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



**PISMO BEACH TOP 15 BUSINESS TYPES**

Business Type	Pismo Beach		County	HdL State
	Q2 '19	Change	Change	Change
Casual Dining	173,168	9.9%	18.6%	24.5%
Convenience Stores/Liquor	13,630	-1.2%	10.9%	14.9%
Drug Stores	— CONFIDENTIAL —	—	0.8%	-0.3%
Family Apparel	88,023	25.6%	36.2%	45.3%
Fast-Casual Restaurants	16,962	96.4%	28.9%	18.9%
Fine Dining	— CONFIDENTIAL —	—	17.0%	16.3%
Grocery Stores	— CONFIDENTIAL —	—	7.2%	9.6%
Hotels-Liquor	44,078	55.6%	30.3%	16.4%
Quick-Service Restaurants	40,055	28.8%	28.0%	15.9%
Service Stations	— CONFIDENTIAL —	—	84.8%	51.4%
Shoe Stores	42,928	7.9%	5.0%	9.2%
Specialty Stores	13,594	13.4%	-9.7%	-8.5%
Sporting Goods/Bike Stores	20,973	27.3%	41.9%	29.7%
Trailers/RVs	— CONFIDENTIAL —	—	-6.4%	6.9%
Women's Apparel	28,388	3.4%	-0.1%	5.7%
<b>Total All Accounts</b>	<b>680,868</b>	<b>16.4%</b>	<b>37.9%</b>	<b>20.1%</b>
<b>County &amp; State Pool Allocation</b>	<b>88,931</b>	<b>-16.1%</b>	<b>-0.6%</b>	<b>22.4%</b>
<b>Gross Receipts</b>	<b>769,798</b>	<b>11.4%</b>	<b>32.0%</b>	<b>20.4%</b>