

# Q1 2019



# City of Pismo Beach Sales Tax *Update*

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

## Pismo Beach In Brief

Pismo Beach's receipts from January through March were 7.1% above the first sales period in 2018, although double payments and other reporting aberrations inflated cash in most business sector. Excluding aberrations, actual sales were down 1.1%.

Restaurants saw a moderate 3.6% gain in actual sales as casual dining, quick-service and fast casual eateries all posted higher results. A new outlet pushed the automotive group sales up 31.3%. A onetime use tax payment offset the recent closeout of a local supplier.

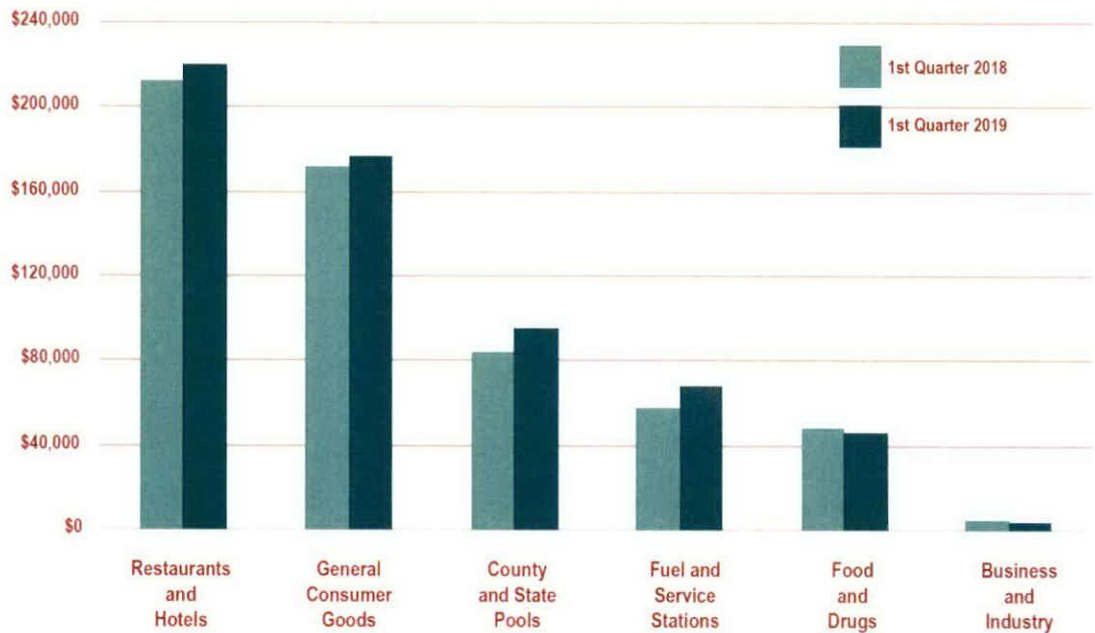
General retail sales were down 2.8% consistent with statewide trends. Factory store sales which make up 60% of all retail sales, were 5.7% lower. Fuel sales decreased 4.3% as retail gas prices were lower than the comparative quarter. Food and drugs dipped 3.2%

The City's allocation from the countywide use tax pool increased 12.7% due to anomalies that depressed prior year pool receipts.

Measure I generated an additional \$346,813 during the period. After adjusting for reporting anomalies, actual sales were down 1.5%

Net of aberrations, taxable sales for all of San Luis Obispo County declined 3.2% over the comparable time period; the Central Coast region was down 2.1%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Nike
Arco AM PM	Norman Wright
California Fresh Market	Duckworth Mechanical
Calvin Klein	Pacific Coast RV
Chevron	Point Break
Cliffs at Shell Beach	Rite Aid
Coach	Ross
Cracked Crab	Sky River RV
CVS	Splash Cafe
Dress Barn	Spyglass Shell
Giuseppes Cucina	Vans
McDonalds	Ventana Grill
Miller 76	Wooly's Oyster Loft

### REVENUE COMPARISON

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

	2017-18	2018-19
Point-of-Sale	\$1,893,727	\$2,116,978
County Pool	279,049	309,377
State Pool	1,228	1,102
Gross Receipts	\$2,174,005	\$2,427,457
Measure I	\$1,134,035	\$1,243,265



**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.

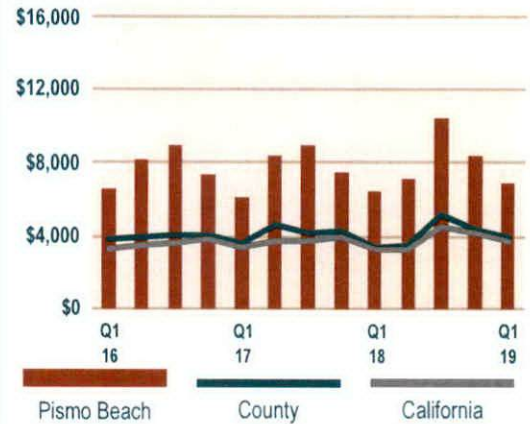
This quarter marked the eighth consecutive comparative period decline in California new car registrations with analysts noting that higher prices and a growing supply of vehicles coming off lease are making used cars more attractive. They also note that on-demand services such as Uber and Lyft are making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

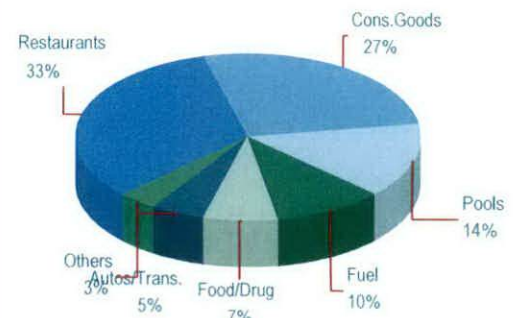
Uncertainty over U.S. tariff and trade policies plus labor shortages are delaying some investment and business expansion decisions while reduced home sales and two quarters of declining construction permit values suggest a potential future leveling in that sector. Investment in technological advances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



**PISMO BEACH TOP 15 BUSINESS TYPES**

Business Type	Pismo Beach		County	HdL State
	Q1 '19	Change	Change	Change
Casual Dining	136,575	6.2%	10.9%	13.3%
Contractors	— CONFIDENTIAL —	—	-13.5%	4.8%
Convenience Stores/Liquor	10,652	-3.2%	7.2%	16.6%
Drug Stores	— CONFIDENTIAL —	—	3.8%	37.8%
Family Apparel	77,782	4.4%	2.5%	7.1%
Fine Dining	— CONFIDENTIAL —	—	4.4%	10.4%
Grocery Stores	— CONFIDENTIAL —	—	29.1%	25.7%
Hotels-Liquor	27,005	-10.0%	8.7%	2.2%
Quick-Service Restaurants	30,868	9.4%	8.5%	10.0%
Service Stations	67,636	17.7%	7.8%	15.7%
Shoe Stores	29,014	-23.0%	-10.2%	-0.6%
Specialty Stores	9,452	-22.6%	17.7%	23.4%
Sporting Goods/Bike Stores	13,268	1.7%	-3.8%	2.7%
Trailers/RVs	— CONFIDENTIAL —	—	-19.3%	-0.8%
Women's Apparel	32,491	47.8%	3.2%	6.6%
<b>Total All Accounts</b>	<b>569,136</b>	<b>6.2%</b>	<b>16.5%</b>	<b>13.5%</b>
<b>County &amp; State Pool Allocation</b>	<b>95,043</b>	<b>12.5%</b>	<b>23.3%</b>	<b>23.8%</b>
<b>Gross Receipts</b>	<b>664,179</b>	<b>7.1%</b>	<b>17.4%</b>	<b>14.9%</b>