

Q2 2017



City of Diamond Bar Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2017)

Diamond Bar In Brief

Diamond Bar's receipts from April through June were 2.0% above the second sales period in 2016. However, a large adjustment to a prior return negatively impacted building and construction results, skewing the comparison. Excluding reporting aberrations, actual sales were up 9.0%.

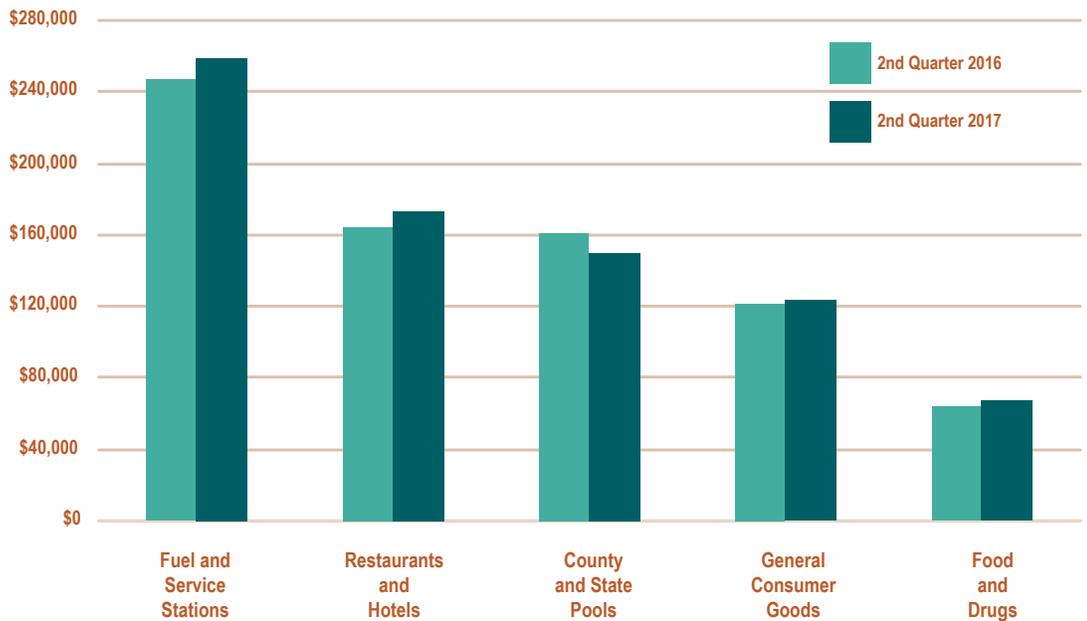
A strong increase in business to business transactions dramatically improved overall receipts. Higher global crude oil prices combined with regular summer fuel consumption led to solid returns from service stations, while new dining establishments continue to represent the majority of restaurant gains.

Steady sales by local merchants also lifted the general consumer categories home furnishings and specialty stores.

A reduction in the countywide pool amount this period was largely caused by onetime activity which spiked the prior year allocation. Absent this anomaly, pool proceeds rose by 6%.

Net of aberrations, taxable sales for all of Los Angeles County grew 2.9% over the comparable time period; the Southern California region was up 3.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

76	Grand Mobil
Albertsons	Graybar Electric
American Standard	McDonalds
Arco AM PM	Pathfinder Chevron
California Integrated Solutions	Pho Ha Plus
Chevron	Restaurant Depot
Chilis	Sams Mobil
Circle K	Seasons 4
Color Marble Commercial	Shell
CVS Pharmacy	Smart & Final
Del Taco	Target
Diamond Hills Collision Center	Trident Supply
	Walmart Neighborhood Market

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2016-17	2017-18
Point-of-Sale	\$1,066,495	\$1,101,725
County Pool	160,092	150,490
State Pool	374	(576)
Gross Receipts	\$1,226,961	\$1,251,639
Less Triple Flip*	\$0	\$0

*Reimbursed from county compensation fund

California Overall

Local government's one-cent share of statewide sales and use tax from transactions occurring April through June was 3.2% higher than the same quarter of 2016 after payment aberrations are factored out.

The largest percentage increases were from the countywide allocation pools, building supplies and rising fuel prices. Auto sales and restaurants continued to post solid gains. Except for value priced apparel and dollar stores, most categories of general consumer goods were down or flat with the growth in online shopping shifting tax receipts to in-state distribution centers or to the countywide allocation pools.

Receipts from business and industrial transactions were lower than last year's comparable quarter because of declines in new alternative energy projects. Agricultural and new technology related purchases exhibited healthy gains as did sales of warehouse and construction equipment. Most other categories were down from 2016.

Where does the Money Go?

E-commerce, technology and changing consumer preferences have retailers undergoing a dizzying transformation as they compete for customers through online websites, mobile apps, home delivery, social media, pop-up/flex stores and pick-up lockers as well as traditional brick and mortar businesses.

The changes in how goods are inventoried, sold and delivered has created some confusion in allocating local sales and use tax. However, it still involves three basic principles:

- Location where the sale is negotiated
- Location of goods at time of sale
- Ownership of goods being sold

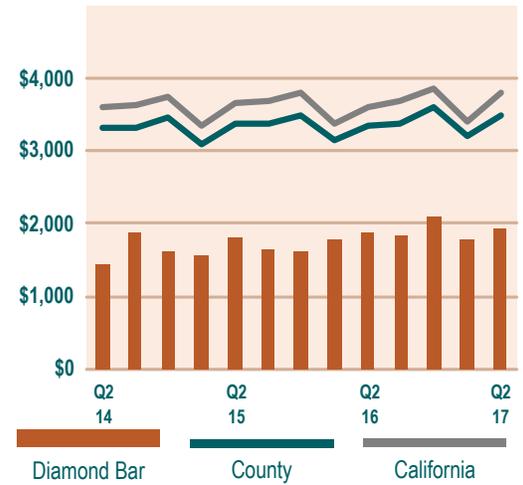
Place of sale continues to be California's primary rule for allocating local sales tax. If the inventory is owned by the seller and is located in-state, the tax goes to the location that participates in the sale, either by receiving the order or

shipping the goods. If the order is taken outside the state but the seller owns the inventory and delivers the goods from inside California, the tax is allocated to the jurisdiction where the warehouse is located. Otherwise, the tax is shared by all agencies in the county where the goods are shipped on a pro-rata basis through the county allocation pools.

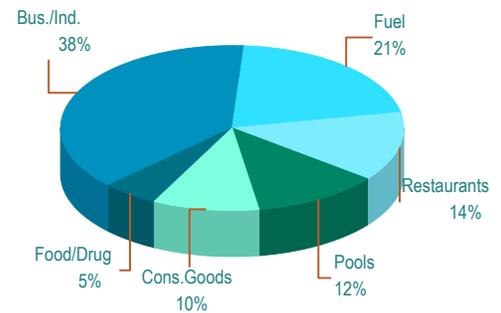
Ownership of the goods being sold is also a factor. In order for an agency to receive a direct allocation of local tax for goods shipped from a California fulfillment center, the location must be the retailer's place of business and not owned or operated by a separate legal entity. If the retailer has no place of business in California, the only opportunity for local tax is an indirect allocation through the countywide pools

For jurisdictions with transactions tax overrides, that tax goes to the place of purchase rather than the place of the seller. For example, the sales tax on the purchase of an automobile goes to the seller's location. However, the transactions tax, if any, goes to the jurisdiction where the buyer's vehicle is registered.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Diamond Bar This Quarter



DIAMOND BAR TOP 15 BUSINESS TYPES

<i>*In thousands of dollars</i>				
Business Type	Diamond Bar		County	HdL State
	Q2 '17*	Change	Change	Change
Auto Repair Shops	12.5	16.3%	4.4%	32.4%
Automotive Supply Stores	11.5	-16.1%	0.8%	2.8%
Casual Dining	75.1	2.6%	2.3%	1.5%
Discount Dept Stores	—	CONFIDENTIAL	3.3%	3.2%
Drug Stores	16.2	-3.3%	0.1%	0.8%
Electrical Equipment	—	CONFIDENTIAL	12.3%	3.2%
Food Service Equip./Supplies	—	CONFIDENTIAL	0.3%	0.2%
Grocery Stores	41.8	4.9%	2.0%	2.1%
Home Furnishings	8.9	236.0%	5.7%	0.4%
Light Industrial/Printers	13.0	-24.0%	2.0%	6.3%
Office Equipment	14.9	-7.6%	0.7%	3.9%
Office Supplies/Furniture	19.1	18.5%	38.6%	249.6%
Quick-Service Restaurants	76.1	1.9%	5.7%	6.0%
Service Stations	259.2	5.1%	9.5%	8.6%
Specialty Stores	21.8	19.8%	1.5%	1.6%
Total All Accounts	1,101.7	3.3%	4.8%	6.4%
County & State Pool Allocation	149.9	-6.6%	-5.2%	-9.9%
Gross Receipts	1,251.6	2.0%	3.5%	4.1%