

Q2 2019



City of Diamond Bar Sales Tax *Update*

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

Diamond Bar In Brief

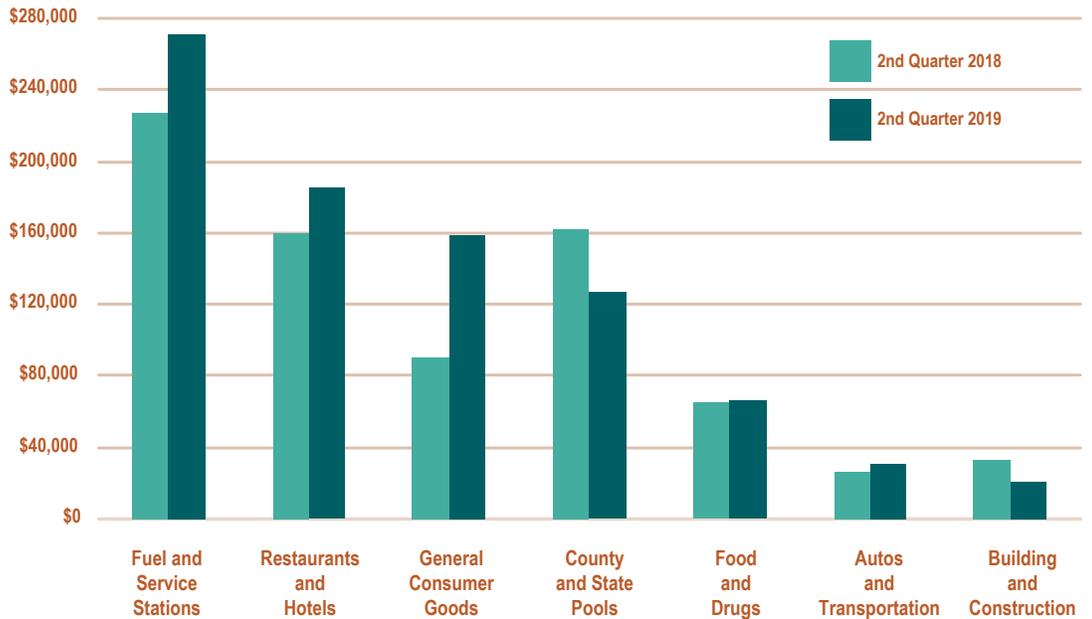
Diamond Bar's receipts from April through June were 24.5% below the second sales period in 2018. However, this comparison is skewed due to the correction of taxpayer reporting error in a previous period. Excluding this and other reporting aberrations, actual sales were up 0.5%.

Recent increases in gas prices helping revenue from service stations and the addition of a fast-casual eatery lifting restaurants were mostly responsible for the overall growth. Improved receipts by an industrial supplier further contributed to the positive outcome.

Decreased returns from contractor suppliers and a smaller allocation from the countywide use tax pool due to the correction of a previous error, partially offset the gains.

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 2.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

76	Luoshan International
Albertsons	McDonald's
Arco AM PM	Motion Trend
Bedshe International	Pho Ha Plus
California Integrated Solutions	Polar Tracking
Chevron	Restaurant Depot
Chilis	Ross
Circle K	Sams Mobil
CVS Pharmacy	Shell
Diamond Hills Collision Center	Target
DPL Trading	Trident Supply
Grand Mobil	Walmart
Graybar Electric	Neighborhood Market

REVENUE COMPARISON

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

	2017-18	2018-19
Point-of-Sale	\$4,276,720	\$4,764,294
County Pool	617,162	700,921
State Pool	2,442	2,399
Gross Receipts	\$4,896,324	\$5,467,614

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 in 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.

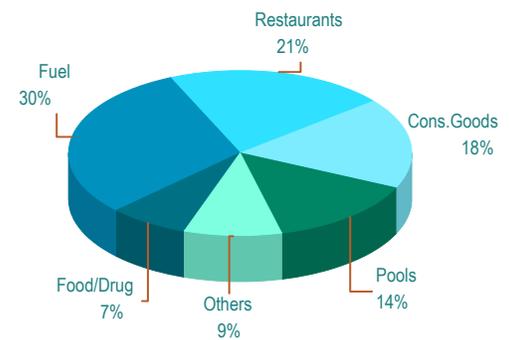
AB 147 requires out-of-state retailers with annual combined sales of \$500,000 or more to now collect and remit this state’s sales and use tax from its customers. Applying the \$500,000 threshold to the sum total of all the third-party transactions that facilitators process for their clients, is hoped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



DIAMOND BAR TOP 15 BUSINESS TYPES

Business Type	Diamond Bar		County	HdL State
	Q2 '19	Change	Change	Change
Auto Repair Shops	11,662	1.4%	21.6%	21.4%
Casual Dining	85,972	18.2%	23.0%	24.5%
Discount Dept Stores	— CONFIDENTIAL —	—	29.0%	26.3%
Electrical Equipment	— CONFIDENTIAL —	—	46.9%	41.0%
Family Apparel	— CONFIDENTIAL —	—	43.2%	45.3%
Fast-Casual Restaurants	18,824	82.9%	17.2%	18.6%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	37.2%	34.0%
Grocery Stores	46,124	13.5%	10.5%	9.6%
Heavy Industrial	— CONFIDENTIAL —	—	66.7%	42.6%
Home Furnishings	14,099	54.9%	20.1%	15.6%
Light Industrial/Printers	12,039	19.9%	72.4%	51.3%
Office Supplies/Furniture	22,894	121.7%	8.2%	13.8%
Quick-Service Restaurants	71,996	8.2%	12.8%	15.8%
Service Stations	271,337	19.3%	39.6%	51.4%
Specialty Stores	23,628	76.0%	-3.2%	-8.1%
Total All Accounts	765,834	-24.9%	18.4%	20.1%
County & State Pool Allocation	126,226	-22.3%	22.4%	22.4%
Gross Receipts	892,060	-24.5%	19.0%	20.4%