

# Q3 2019



# City of Diamond Bar Sales Tax *Update*

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

## Diamond Bar In Brief

Diamond Bar's receipts from July through September were 1.6% below the third sales period in 2018. However, this comparison is skewed due to the CDTFA's transition to a new reporting system in the prior year when additional payments were received by the City. Excluding reporting aberrations, actual sales were up 12.9%.

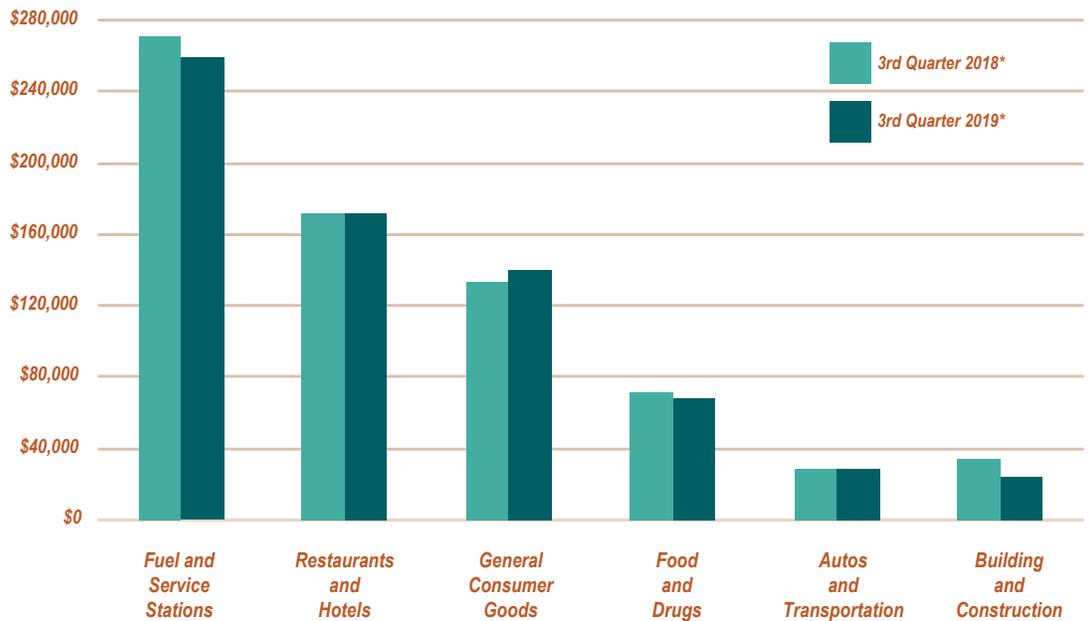
A dramatic rise in receipts from an industrial supplier was largely responsible for the adjusted growth. The City also experienced solid activity from multiple general consumer retailers.

These local point of sale improvements combined with increased returns from online merchants collecting sales tax under new California law, boosted allocations from the county-wide use tax pool, further contributing to the positive outcome.

A reduction in revenue from gas stations coupled with the closeout of a building-construction vendor, partially offset the gains.

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

76	Graybar Electric
Albertsons	In N Out Burger
American Standard	Luoshan International
Arco AM PM	McDonald's
Bedshe International	Motion Trend
California Integrated Solutions	Pho Ha Plus
Chilis	Restaurant Depot
Circle K	Ross
CVS Pharmacy	Sam's Mobil
Diamond Bar Chevron	Smart & Final
Diamond Bar Shell	Target
Diamond Hills Collision Center	Walmart Neighborhood Market
Grand Mobil	

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date (Q3)

	2018-19	2019-20
<b>Point-of-Sale</b>	\$1,252,719	\$1,199,960
<b>County Pool</b>	170,035	200,614
<b>State Pool</b>	643	479
<b>Gross Receipts</b>	<b>\$1,423,397</b>	<b>\$1,401,053</b>

**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%.

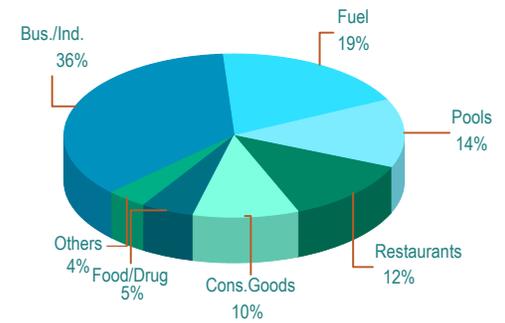
Thirty-five or more additional local TUT measures are currently being considered for the March 2020 ballot.

**SALES PER CAPITA\***



\*Allocation aberrations have been adjusted to reflect sales activity

**REVENUE BY BUSINESS GROUP**  
Diamond Bar This Quarter\*



\*Allocation aberrations have been adjusted to reflect sales activity

**DIAMOND BAR TOP 15 BUSINESS TYPES\*\***

Business Type	*In thousands of dollars			
	Diamond Bar Q3 '19*	Diamond Bar Change	County Change	HdL State Change
Auto Repair Shops	11.9	-1.9%	-0.2%	0.9%
Automotive Supply Stores	12.3	12.6%	3.8%	3.8%
Casual Dining	80.3	-4.4%	2.6%	2.3%
Contractors	20.9	-19.8%	-3.6%	2.5%
Discount Dept Stores	— CONFIDENTIAL —	—	3.7%	2.8%
Electrical Equipment	— CONFIDENTIAL —	—	27.0%	0.7%
Family Apparel	19.1	4.8%	0.3%	1.5%
Fast-Casual Restaurants	— CONFIDENTIAL —	—	2.1%	5.2%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	3.9%	5.7%
Grocery Stores	49.2	3.1%	1.4%	1.7%
Home Furnishings	18.5	60.9%	-1.2%	-1.0%
Office Supplies/Furniture	20.2	25.8%	-2.1%	-6.7%
Quick-Service Restaurants	66.4	-3.6%	1.6%	2.6%
Service Stations	258.9	-4.3%	-3.9%	-1.5%
Specialty Stores	14.3	5.5%	3.1%	0.3%
<b>Total All Accounts</b>	<b>1,193.5</b>	<b>10.7%</b>	<b>0.1%</b>	<b>0.2%</b>
<b>County &amp; State Pool Allocation</b>	<b>190.0</b>	<b>28.7%</b>	<b>21.2%</b>	<b>14.9%</b>
<b>Gross Receipts</b>	<b>1,383.4</b>	<b>12.9%</b>	<b>2.7%</b>	<b>2.3%</b>

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