

# Q2 2018



# City of Oxnard Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2018)

## Oxnard In Brief

Oxnard's receipts from April through June were 12.5% below the second sales period in 2017. However, for the second consecutive quarter, challenges with the State's new software system have resulted in delayed funding for 2Q18 local tax payments. Other accounts received only partial funding for the current quarter. Including these allocations and other reporting aberrations, actual sales would have been down 0.9%.

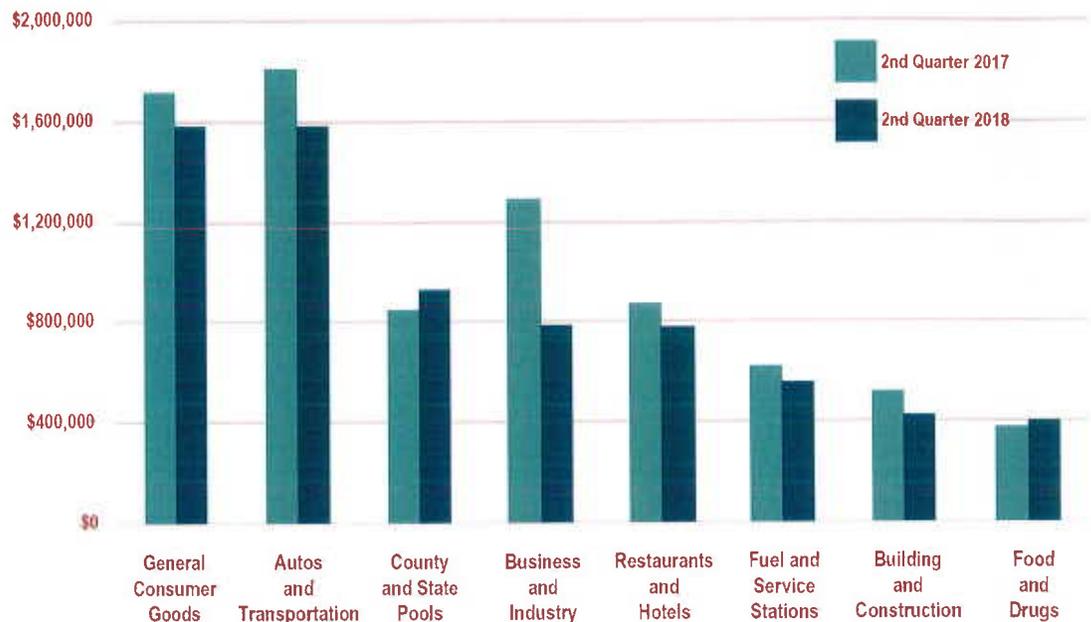
Missing and partial payments accounted for the decline in autos-transportation, restaurants, building materials, service stations and several categories of general consumer goods. A business closeout reduced receipts from light industrial/printers. The City experienced a drop in sales from garden/agricultural supplies.

The losses were partially offset by an increase in the City's allocation from the county use tax pool and double-up payments that inflated auto leases.

The City's Measure O voter approved half-cent transaction tax generated an additional \$3,231,452 for the quarter.

Net of aberrations, taxable sales for all of Ventura County declined 0.4% over the comparable time period; the Southern California region was up 1.0%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Alexander Buick	Home Depot
GMC Cadillac	Lowes
Hyundai	Mercedes Benz of Oxnard
Best Buy	Nordstrom Rack
Circle K	Quinn CAT Company
Conico Toro	Sams Club
Costco	Sysco Ventura
Crop Production Services	Target
DCH Audi of Oxnard	Team Nissan
DCH Honda of Oxnard	Toyota Lease Trust
DCH Lexus of Oxnard	Toyota of Oxnard
Food 4 Less	Vista Ford Lincoln Of Oxnard
Foundation Building Materials	Walmart Supercenter
Frys Electronics	

### REVENUE COMPARISON

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

	2016-17	2017-18
Point-of-Sale	\$27,809,348	\$27,040,496
County Pool	3,491,770	3,512,455
State Pool	14,852	15,297
<b>Gross Receipts</b>	<b>\$31,315,971</b>	<b>\$30,568,248</b>
Cty/Cnty Share	(1,033,427)	(1,008,752)
<b>Net Receipts</b>	<b>\$30,282,544</b>	<b>\$29,559,496</b>
<b>Measure O</b>	<b>\$14,040,982</b>	<b>\$13,702,164</b>

**California Overall**

Local Government cash receipts from April through June sales dropped 10.1% from the same quarter one year ago due to implementation issues with CDFTA's new tax reporting software system. The results were further skewed by the State's attempt to offset the resulting shortages by advancing tax revenues that it estimates will be generated next quarter.

After reviewing unprocessed returns and approximating the full amounts of partial payments, HdL estimates that once all returns are properly processed and the data adjusted to reflect actual quarter receipts, statewide local sales and use tax revenues will be 1.6% higher than second quarter 2017.

Sales of building and construction materials, jet fuel and online shopping appear to have been the primary drivers of statewide growth during the second quarter. Auto sales leveled off as previously anticipated, although receipts from auto leases continued to show substantial gains. Online fulfillment centers and value themed apparel stores were the primary gainers within the general consumer goods group. Business-industrial purchases were slightly lower than previous quarters with declines in new energy projects being a major factor.

Regionally, the San Francisco Bay area and the Sacramento and San Joaquin Valley areas outperformed the rest of the state.

**Tariff Policies and Sales Tax**

Tariffs are becoming a key element of the federal government's international trade strategy with additional duties of 10% announced for the end of the third quarter, rising to 25% by the end of 2018.

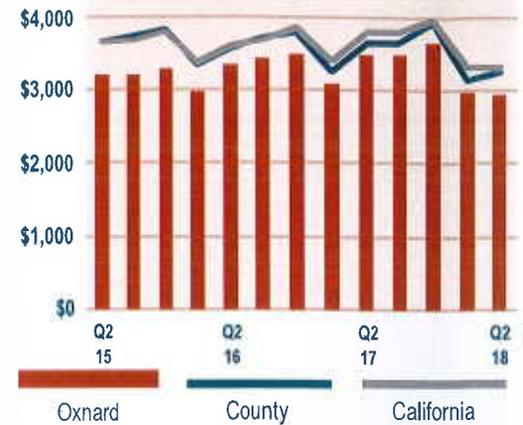
Despite the current debates, analysts believe that the impact on prices and sales will be minimal through the remainder of 2018-19 as most major retailers have already imported their inventory for the holiday season and are attempting to rush spring inventories through customs ahead of the new 5% rates. Many manufacturers have managed to avoid raising prices by absorbing the costs of the

initial first round of tariffs on metals, machinery and components. On the down side, small retailers without the power to lock in prices may be placed at a competitive disadvantage and contractors are beginning to require escalation clauses in contracts to cover potential cost increases on long range projects.

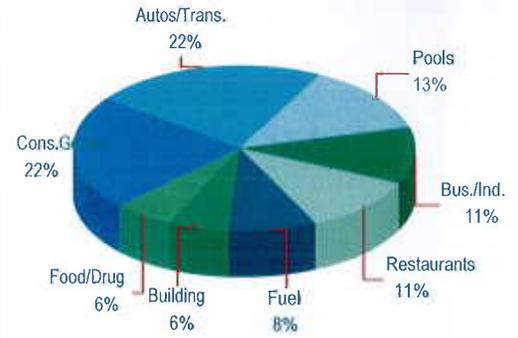
The key concern for analysts projecting 2019-20 tax revenues will be how the federal government refines its trade policies and the impact on sales and use tax revenues. Although higher prices generate more sales tax from individual purchases, they also potentially reduce the number of purchases, particularly in an environment where rising housing, education and health care costs compete for a significant portion of discretionary income.

Proponents of rising tariffs argue that the rising strength of the U.S. dollar will offset the impact of tariff related price increases on consumers. Opponents worry that the stronger dollar and the announced \$5.6 billion in retaliatory tariffs on California exports will negatively impact both the affected companies' job base and capital investment in supplies, equipment and expansion opportunities.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Oxnard This Quarter



**OXNARD TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	Oxnard Q2 '18*	Oxnard Change	County Change	HdL State Change
Auto Lease	172.0	52.1%	58.2%	60.9%
Building Materials	301.6	-17.3%	-22.2%	-23.2%
Casual Dining	311.6	-21.1%	-13.6%	-12.7%
Discount Dept Stores	647.6	-10.4%	-15.9%	-13.5%
Drugs/Chemicals	93.8	-54.1%	-43.2%	-27.5%
Electronics/Appliance Stores	267.0	3.0%	1.0%	-5.1%
Family Apparel	101.3	-25.9%	-29.0%	-27.2%
Garden/Agricultural Supplies	128.7	-46.2%	-16.6%	-15.8%
Grocery Stores	270.1	19.1%	2.8%	-7.0%
Home Furnishings	135.7	-17.3%	-9.0%	-21.7%
New Motor Vehicle Dealers	1,154.1	-0.5%	-3.7%	-2.0%
Quick-Service Restaurants	339.0	-6.1%	-4.9%	-6.0%
Service Stations	469.4	-6.9%	-24.0%	-26.6%
Specialty Stores	133.2	3.6%	-3.4%	-4.6%
Warehse/Farm/Const. Equip.	177.2	-12.7%	-11.5%	-26.3%
<b>Total All Accounts</b>	<b>6,117.7</b>	<b>-15.1%</b>	<b>-10.6%</b>	<b>-12.2%</b>
<b>County &amp; State Pool Allocation</b>	<b>931.9</b>	<b>9.7%</b>	<b>15.5%</b>	<b>5.5%</b>
<b>Gross Receipts</b>	<b>7,049.6</b>	<b>-12.5%</b>	<b>-7.8%</b>	<b>-10.1%</b>
City/County Share	(232.6)	12.5%		
<b>Net Receipts</b>	<b>6,817.0</b>	<b>-12.5%</b>		