

# Q2 2017



# City of Suisun City Sales Tax *Update*

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

## Suisun City In Brief

Suisun City's receipts from April through June were 10.4% above the second sales period in 2016. Excluding reporting adjustments, actual sales were up 6.2%.

This quarter's results were in line with expectations. Higher fuel prices sparked the largest gains from point of sale outlets while casual and quick service dining venues reported respectable gains as well.

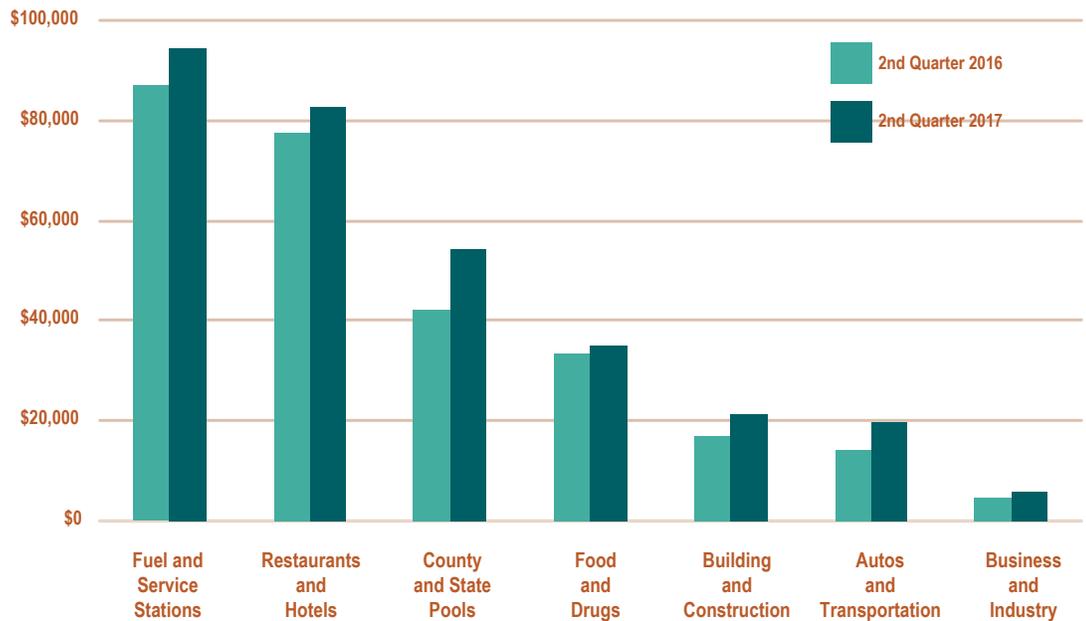
Keeping with the statewide trend, construction material sales were much higher this period. Reporting adjustments were behind the growth reported for both the food and drug, and auto/transportation groups.

The city's allocation from the county-wide use tax pool increased nearly 30% as the size of the pool jumped due to large corrections from the prior year skewing this period's results.

Suisun's Measure S generated \$530,700 in its first quarter. Auto sales and general consumer goods represented the largest portions of the new tax.

Net of adjustments, taxable sales for all of Solano County grew 5.6% over the comparable time period; the Bay Area was up 2.5%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	McDonalds
Ashria Chevron Mart & Fast Food	Panda Express
Athenian Grill	Raleys
AutoZone	Rite Aid
Bab's Delta Diner	Shell
Black Bear Diner	Stoneyard Masonry Suisun
Bonfare Market	Suisun Ace Hardware
Burger King	Suisun Roofing
California Marine Sports	Suisun Wine & Spirits
Cast Iron Grill & Bar	Sunset Chevron
Jack in the Box	Taco Bell
La Cabana	Walmart
Marina Arco AM PM	Supercenter

### REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2016-17	2017-18
<b>Point-of-Sale</b>	\$345,052	\$373,006
<b>County Pool</b>	42,064	54,554
<b>State Pool</b>	118	(197)
<b>Gross Receipts</b>	<b>\$387,235</b>	<b>\$427,363</b>
<b>Less Triple Flip*</b>	\$0	\$0
<b>Measure S</b>	\$0	\$530,702

**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.

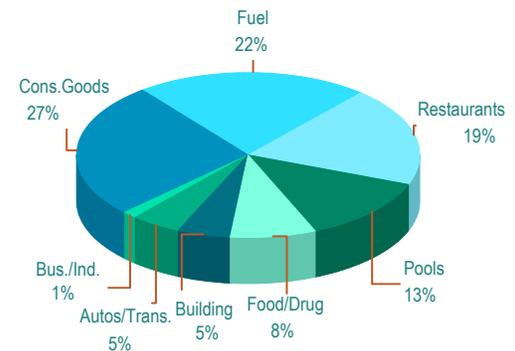
Ownership of the goods being sold is also a factor. In order for an agency to receive a direct allocation of local tax for goods shipped from a California fulfillment center, the location must be the retailer's place of business and not owned or operated by a separate legal entity. If the retailer has 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**  
Suisun City This Quarter



**SUISUN CITY TOP 15 BUSINESS TYPES**

Business Type	Suisun City		County	HdL State
	Q2 '17	Change	Change	Change
Auto Repair Shops	5,507	2.1%	6.6%	9.2%
Automotive Supply Stores	7,092	-0.6%	2.9%	2.8%
Boats/Motorcycles	— CONFIDENTIAL —	—	6.2%	4.5%
Building Materials	20,226	25.5%	10.9%	6.0%
Casual Dining	44,056	8.4%	6.0%	2.0%
Cigarette/Cigar Stores	— CONFIDENTIAL —	—	5.9%	5.7%
Convenience Stores/Liquor	16,690	21.0%	8.3%	5.2%
Discount Dept Stores	— CONFIDENTIAL —	—	4.2%	3.2%
Drug Stores	— CONFIDENTIAL —	—	-0.8%	0.8%
Fast-Casual Restaurants	— CONFIDENTIAL —	—	4.8%	9.3%
Fuel/Ice Dealers	— CONFIDENTIAL —	—	17.1%	-3.9%
Grocery Stores	— CONFIDENTIAL —	—	1.1%	2.1%
Quick-Service Restaurants	32,217	6.0%	3.6%	5.8%
Service Stations	92,347	8.0%	10.9%	8.6%
Variety Stores	— CONFIDENTIAL —	—	8.5%	8.3%
<b>Total All Accounts</b>	<b>373,006</b>	<b>8.1%</b>	<b>2.4%</b>	<b>6.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>54,357</b>	<b>28.9%</b>	<b>22.0%</b>	<b>-9.9%</b>
<b>Gross Receipts</b>	<b>427,363</b>	<b>10.4%</b>	<b>4.5%</b>	<b>4.1%</b>