

# Q2 2019



# City of Suisun City Sales Tax *Update*

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

## Suisun City In Brief

The City of Suisun's sales activity from April through June was 1.5% below that of the second sales period in 2018. However, total cash receipts were up 14.2% over last year due to the volume of delayed payments caused by the CDTFA's transition to a new reporting system.

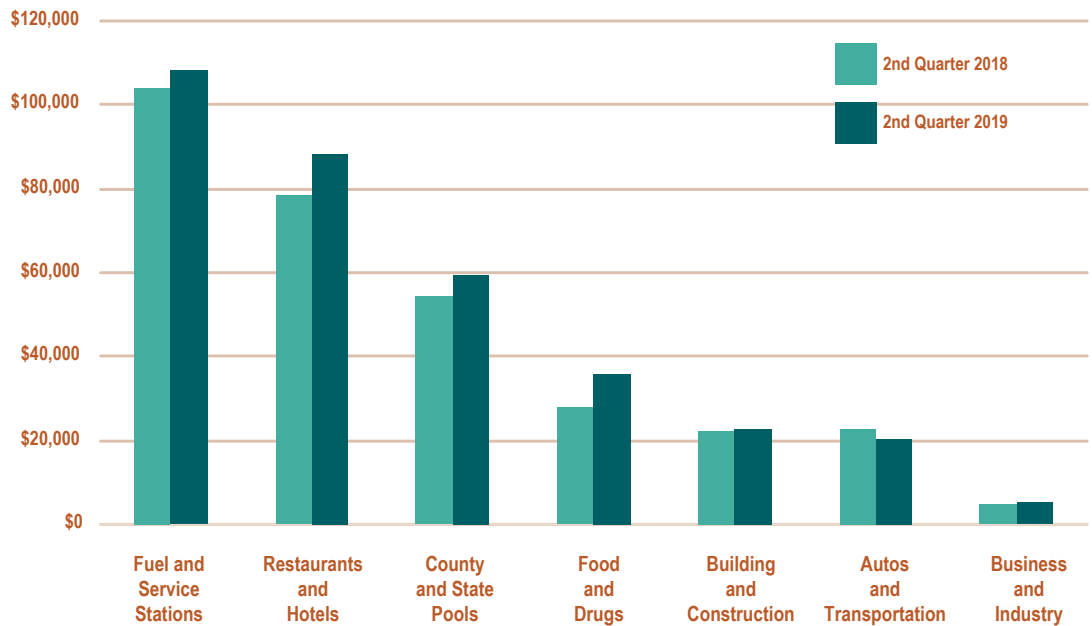
Constraints caused by the requirements of the State's rules on taxpayer confidentiality limit the discussion on this period's results. However, it is permissible to indicate that a drop in construction activity brought the largest decline this quarter while most other business groups also reflected a drop in sales. Restaurant activity was down slightly following the temporary closure of one venue.

The City realized an increase in its allocation from the countywide use tax pool as the size of the pool swelled from the recovery of previously delayed payments that were also caused by the State's new tax filing system. Expect future dips in the allocation as the State catches up on corrections to deduct from the pool amounts that were overpaid as taxpayers struggled to use the new reporting system.

Measure S generated \$651,230 this period which is 4.4% more than this time last year when payment corrections are discounted.

Net of adjustments, taxable receipts for all of Solano County grew 6.4% over the comparable time period while those of the entire Bay Area were up 2.0%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Panda Express
Babs Delta Diner	Raley's
Black Bear Diner	Rite Aid
Bonfare Market	Stoneyard Masonry Suisun
Bonfare Market Fuel	Suisun Ace Hardware
Burger King	Suisun Roofing
California Marine Sports	Suisun Wine & Spirits
Cast Iron Grill & Bar	Sunset Chevron
Chevron Suisun City	Sunset Shell
Dollar Tree	Taco Bell
Jack in the Box	Walmart Supercenter
La Cabana	
Marina Arco AM PM	
McDonalds	

### REVENUE COMPARISON

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

	2017-18	2018-19
Point-of-Sale	\$1,433,364	\$1,611,813
County Pool	209,261	246,379
State Pool	811	809
<b>Gross Receipts</b>	<b>\$1,643,437</b>	<b>\$1,859,001</b>
<b>Measure S</b>	<b>\$2,289,371</b>	<b>\$2,589,934</b>

**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-

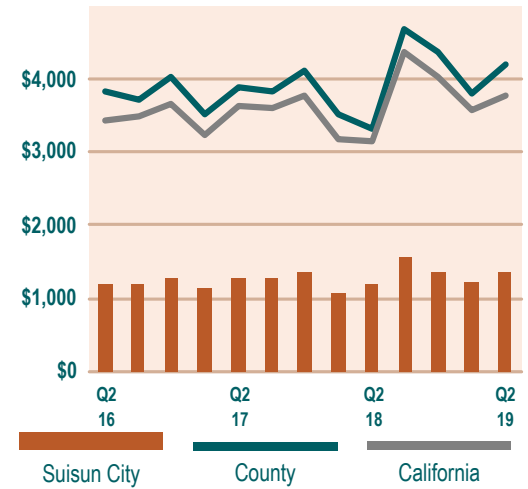
turns and exchanges.

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**



**COUNTY OVERALL 1Q YOY RECEIPTS % CHANGE**

Major Industry Groups	Cash	Adjusted*
Autos and Transportation	6.4%	-1.4%
Building and Construction	28.6%	-4.7%
Business and Industry	60.1%	21.0%
Food and Drugs	20.2%	4.1%
Fuel and Service Stations	51.1%	1.5%
General Consumer Goods	10.5%	-1.1%
Restaurants and Hotels	27.2%	5.0%
County and State Pools	-18.2%	23.4%
<b>Total</b>	<b>26.0%</b>	<b>6.4%</b>

\*Accounting anomalies factored out

**REVENUE BY BUSINESS GROUP**  
Suisun City This Quarter

