

Q2 2017



City of Pasadena Sales Tax *Update*

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

Pasadena In Brief

Pasadena's receipts from April through June were 1.7% above the second sales period in 2016. Excluding reporting aberrations, actual sales were up 2.8%.

Recent openings boosted overall results in the restaurant and hotel group. The rise in fine dining was on par with regional trends while fast-casual and hotels with liquor trailed.

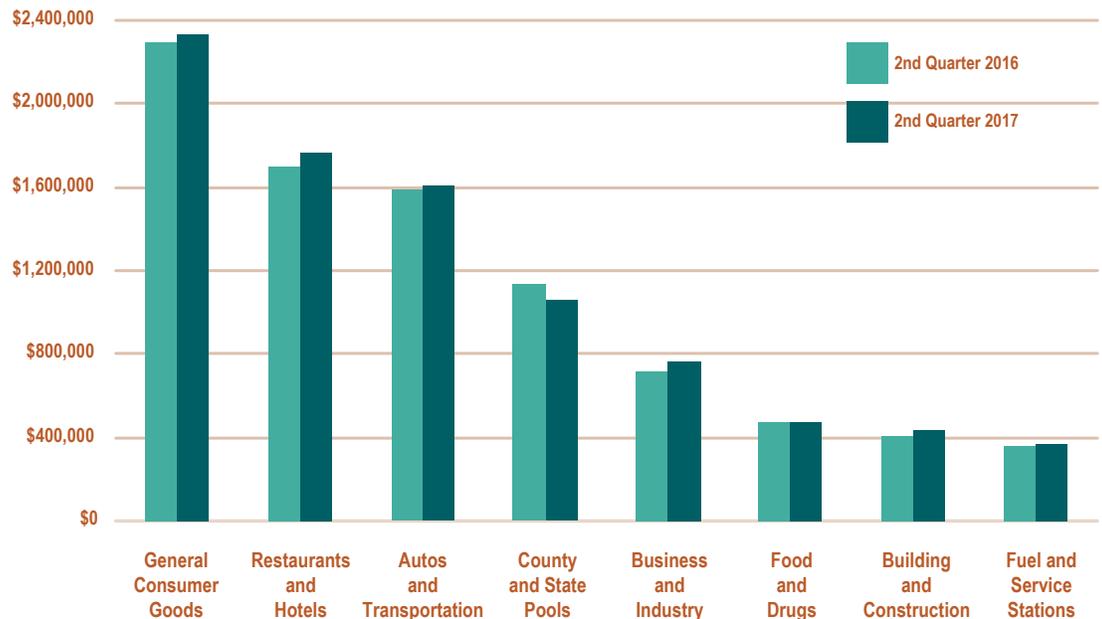
Retroactive adjustments in electronics/appliance stores and department stores offset lower returns in most general retail sectors. A store closeout in family apparel contributed to the actual decrease of 2.0% compared to a year ago.

The gain in auto-related sectors was depressed by a fund transfer that overstated the comparison period. Once removed, autos and transportation as a whole was up 5.9% supplemented by an actual 19.6% increase in the auto lease category. Business and industry was bolstered by a use tax allocation.

A onetime statewide correction accounted for the decline in the countywide use tax allocation pool.

Net of aberrations, taxable sales for all of Los Angeles County grew 2.9% over the comparable time period; the Southern California region was up 3.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Apple	Nordstrom Rack
AT&T Mobility	Porsche Leasing
Audi & Bentley Leasing	Ralphs Fresh Fare
Avon Distribution Center	Ross
Best Buy	Rusnak Luxury Autos
Enterprise Rent A Car	Sears
FEI Company	Symes Cadillac/Land Rover
Ganahl Lumber	Target
Hertz Rent A Car	Tesla Motors
Honda of Pasadena	Thorson GMC Buick
Langham Huntington Hotel & Spa	Toyota of Pasadena
Macys	Vons
	Whole Foods Market

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2016-17	2017-18
Point-of-Sale	\$7,523,085	\$7,748,842
County Pool	1,129,295	1,058,453
State Pool	2,639	(4,052)
Gross Receipts	\$8,655,018	\$8,803,243
Less Triple Flip*	\$0	\$0

*Reimbursed from county compensation fund

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

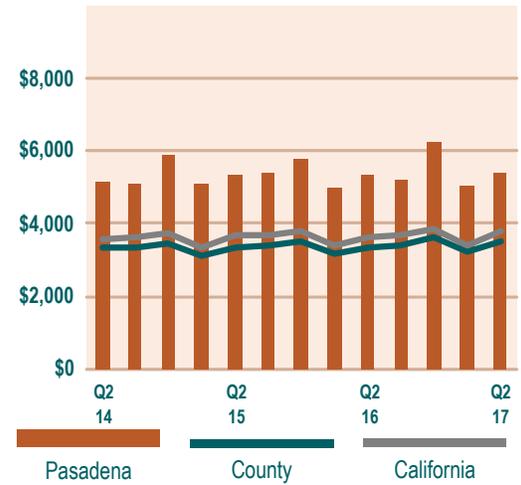
Place of sale continues to be California's primary rule for allocating local sales tax. If the inventory is owned by the seller and is located in-state, the tax goes to the location that participates in the sale, either by receiving the order or

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.

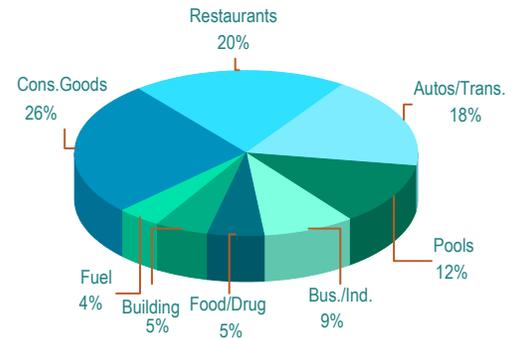
Ownership of the goods being sold is also a factor. In order for an agency to receive a direct allocation of local tax for goods shipped from a California fulfillment center, the location must be the retailer's place of business and not owned or operated by a separate legal entity. If the retailer has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



PASADENA TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Pasadena Q2 '17*	Change	County Change	HdL State Change
Auto Lease	221.4	-14.3%	12.9%	15.5%
Building Materials	258.6	14.1%	6.2%	6.0%
Casual Dining	716.9	-2.3%	2.7%	1.9%
Department Stores	251.2	4.1%	0.0%	-2.3%
Discount Dept Stores	— CONFIDENTIAL —		3.3%	3.2%
Electronics/Appliance Stores	438.9	8.8%	0.4%	0.3%
Family Apparel	277.3	-5.4%	4.4%	4.0%
Fine Dining	231.9	10.5%	12.8%	13.4%
Fulfillment Centers	— CONFIDENTIAL —		-2.5%	54.9%
Grocery Stores	298.1	-0.5%	2.0%	2.1%
Home Furnishings	262.3	1.0%	6.0%	0.5%
New Motor Vehicle Dealers	1,034.2	4.6%	2.7%	3.2%
Quick-Service Restaurants	387.0	11.0%	5.6%	5.9%
Service Stations	371.7	4.6%	9.5%	8.6%
Specialty Stores	224.4	2.9%	1.1%	1.0%
Total All Accounts	7,748.8	3.0%	4.8%	6.4%
County & State Pool Allocation	1,054.4	-6.8%	-5.2%	-9.9%
Gross Receipts	8,803.2	1.7%	3.5%	4.1%