

Q3 2019



City of Pasadena Sales Tax *Update*

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

Pasadena In Brief

Pasadena's receipts from July through September were 15.6% 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 down 2.8%.

The City experienced a dramatic decrease in returns from multiple new auto dealers compared to the prior year peak, while weak sales by home furnishing merchants and other retailers pulled general consumers lower.

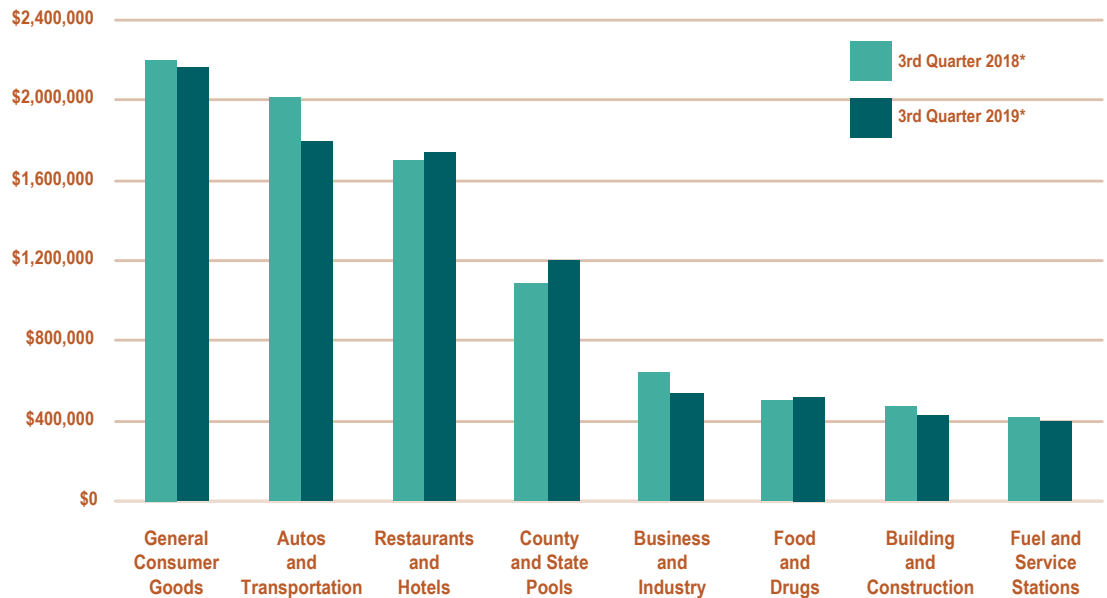
Declines from business and industrial vendors and softening building-construction activity further negatively impacted the overall results.

However, the recent additional of casual dining establishments boosted restaurants and helped partially offset the drop.

The recently approved three quarter-cent transaction tax, Measure I, generated an additional \$6,368,527 in the second quarter the tax went into effect.

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

Apple	Marshalls
Audi & Bentley Leasing	Nordstrom Rack
Avon Distribution Center	Pasadena Volkswagen
Best Buy	Porsche Leasing
Disney Catalog	Ralphs
Enterprise Rent A Car	Ross
Ganahl Lumber	Rusnak Luxury Autos
Hertz Rent A Car	Symes Cadillac/Land Rover
Honda of Pasadena	Target
JP Morgan Chase Bank	Tesla Motors
Langham Huntington Hotel & Spa	Thorson GMC Buick
Macys	Toyota of Pasadena
	Vons

REVENUE COMPARISON

One Quarter - Fiscal Year To Date (Q3)

	2018-19	2019-20
Point-of-Sale	\$9,227,695	\$7,579,710
County Pool	1,252,503	1,267,206
State Pool	4,736	3,028
Gross Receipts	\$10,484,934	\$8,849,945
Measure I	\$0	\$6,368,527

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

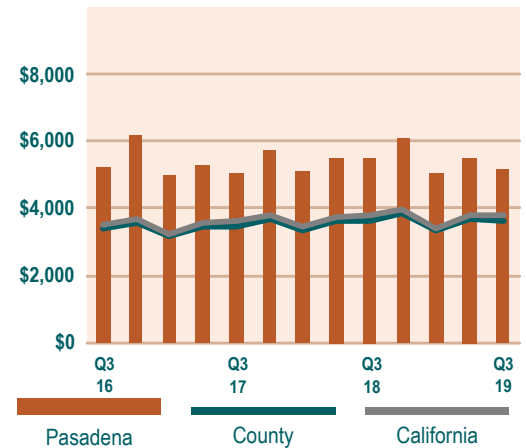
tax measures on the November 2019 ballot adding six new districts and extending two others.

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%.

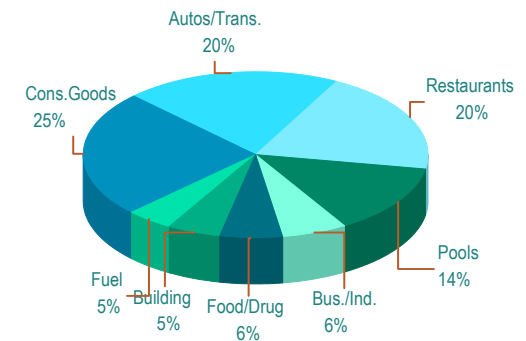
Thirty-five or more additional local TUT measures are currently being considered for the March 2020 ballot.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

**REVENUE BY BUSINESS GROUP
Pasadena This Quarter***



*Allocation aberrations have been adjusted to reflect sales activity

PASADENA TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	Pasadena Q3 '19*	Change	County Change	HdL State Change
Auto Lease	281.1	3.6%	2.0%	4.6%
Building Materials	210.4	-15.5%	0.8%	0.2%
Casual Dining	755.5	6.3%	2.6%	2.3%
Department Stores	189.5	-7.6%	-8.2%	-9.5%
Discount Dept Stores	—	CONFIDENTIAL	3.7%	2.8%
Electronics/Appliance Stores	389.1	0.1%	-5.8%	-3.1%
Family Apparel	272.6	-1.9%	0.3%	1.5%
Fast-Casual Restaurants	182.7	1.2%	2.1%	5.2%
Fine Dining	188.3	-5.4%	-0.8%	-3.1%
Grocery Stores	324.5	4.2%	1.4%	1.7%
Home Furnishings	234.6	-13.0%	-1.2%	-1.0%
New Motor Vehicle Dealers	1,170.2	-16.8%	-4.5%	-7.2%
Quick-Service Restaurants	372.8	2.4%	1.6%	2.6%
Service Stations	396.1	-4.8%	-3.9%	-1.5%
Specialty Stores	279.1	51.2%	3.1%	0.3%
Total All Accounts	7,587.9	-4.6%	0.1%	0.2%
County & State Pool Allocation	1,199.9	10.3%	21.2%	14.9%
Gross Receipts	8,787.8	-2.8%	2.7%	2.3%

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