

Q3 2019



City of Paso Robles Sales Tax *Update*

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

Paso Robles In Brief

Paso Robles' receipts from July through September were 16.3% 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 0.3%.

Allocations from the countywide use tax pool were lower as abnormally high energy/utility related payments last year returned to a more normal level.

The closure of a building/material supplier in town further impacted receipts. Service station results were also down, just slightly more than the -2% statewide trend, with volatile business-industrial related revenue also dropping.

On the positive side, the recent opening of a new casual dining restaurant and a leisure/entertainment attraction helped to offset these losses.

Measure E-12 added an additional \$1,339,000 during the period. After adjusting for anomalies in payment timing, actual results were down 0.8%.

Net of aberrations, taxable sales for all of San Luis Obispo County grew 1.0% over the comparable time period; the Central Coast region was up 1.0%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	McDonalds
Albertsons	Mullahey Chrysler
Arco AM PM	Dodge Jeep Ram
Big Creek Lumber	Paso Robles Chevrolet
Borjon Auto Center	Paso Robles Ford
Buick Gmc	Paso Robles Kia
Eagle Energy 76	Ross
Firestone Walker Brewery	Sky River
Golden Hill Mobil	Smart & Final
Idler's Home	Target
Jaco Oil	Third Base Market & Spirits Pr
JB Dewar	TJ Maxx
Kohls	Walmart
Lowes	

REVENUE COMPARISON

One Quarter - Fiscal Year To Date (Q3)

	2018-19	2019-20
Point-of-Sale	\$2,960,123	\$2,434,172
County Pool	407,500	384,690
State Pool	1,522	965
Gross Receipts	\$3,369,145	\$2,819,827
Supplemental Tax	\$1,536,667	\$1,338,566

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

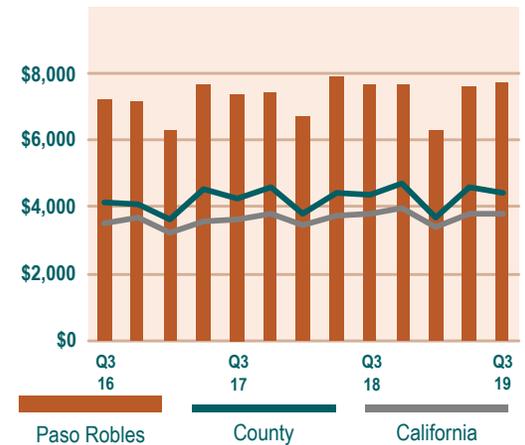
tax measures on the November 2019 ballot adding six new districts and extending two others.

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%.

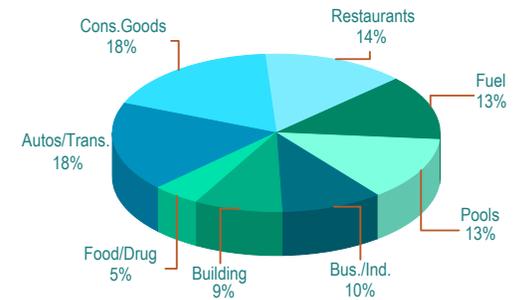
Thirty-five or more additional local TUT measures are currently being considered for the March 2020 ballot.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP
Paso Robles This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

PASO ROBLES TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	Paso Robles Q3 '19*	Change	County Change	HdL State Change
Automotive Supply Stores	56.0	3.8%	2.7%	3.7%
Building Materials	157.2	-10.3%	-3.8%	0.2%
Casual Dining	167.3	5.9%	-2.4%	2.3%
Contractors	36.8	7.2%	6.5%	2.6%
Discount Dept Stores	—	CONFIDENTIAL	0.2%	2.8%
Electronics/Appliance Stores	45.6	-1.1%	-0.3%	-3.2%
Family Apparel	56.4	6.6%	4.3%	1.5%
Garden/Agricultural Supplies	55.7	4.3%	4.5%	4.3%
Grocery Stores	83.2	5.5%	4.6%	1.7%
Leisure/Entertainment	51.0	73.9%	17.2%	7.5%
New Motor Vehicle Dealers	334.6	0.0%	4.2%	-7.2%
Quick-Service Restaurants	115.1	6.5%	3.4%	2.6%
Service Stations	333.4	-2.9%	-1.2%	-1.5%
Specialty Stores	39.5	1.1%	-9.3%	0.3%
Trailers/RVs	55.8	-12.6%	0.5%	-3.6%
Total All Accounts	2,407.6	0.9%	1.6%	0.2%
County & State Pool Allocation	360.7	-7.5%	-2.3%	14.9%
Gross Receipts	2,768.3	-0.3%	1.0%	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.