

Q3 2019



City of Coalinga Sales Tax *Update*

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

Coalinga In Brief

Coalinga's sales activity from July through September was 1% below that of the third sales period in 2018. Cash receipts for the same period were 10% less than at this time last year when late payments were being received following delays caused by the state's tax filing system.

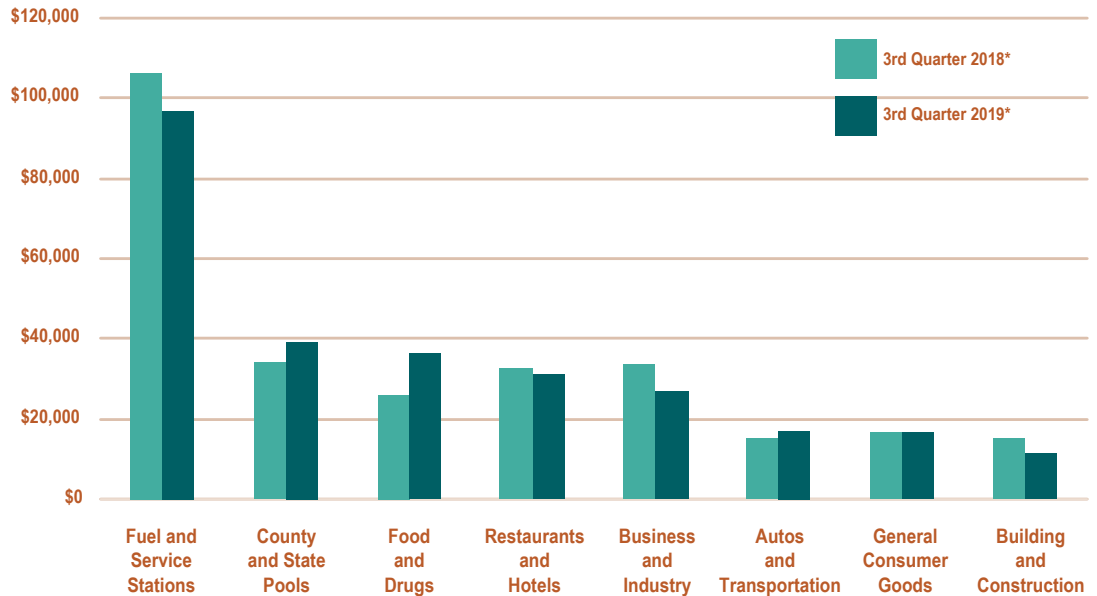
The state requires discretion when addressing sales tax activity to protect taxpayer confidentiality. As a result, nothing that would reveal the activity for a specific taxpayer can be discussed. At times this will mean that the results for an entire group of businesses may not be addressed if a single business dominates that group's results.

Much of this period's activity was influenced by a decline in sales by a variety of taxpayers who appear to be operating under contract with one or more entities. Meanwhile, fuel sales volumes were mixed but mostly lower, which is similar to trends found around the state.

Measure J, the City's 1% local use tax generated \$465,349 in its second quarter since inception. Sales of petroleum products, including equipment for wellhead production along with capital investments made by local businesses generated the largest volume of receipts this period.

Net of adjustments, taxable sales for the entire San Joaquin Valley were up 4.4%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

AutoZone	Fatte Alberts Pizza
Beacon Valley Food Mart	Green Leaf AG
Big 5	Have a Heart
Billingsley Tire Service	Ice Bucket Chevron
Burger King	Jiffy Food
California Water Services	McDonald's
Coalinga Fastrip Food Store	O'Reilly Auto Parts
Coalinga Hardware	Rite Aid
Dollar General	Save Mart
Endurance Lift Solutions	State Foods Coalinga
Fastrip Mini Mart	Taco Bell
	Triple J Ready Mix
	Walgreens
	West Hills Oil

REVENUE COMPARISON

One Quarter – Fiscal Year To Date (Q3)

	2018-19	2019-20
Point-of-Sale	\$289,132	\$258,730
County Pool	39,770	37,214
State Pool	149	101
Gross Receipts	\$329,051	\$296,046
Cty/Cnty Share	(16,453)	(14,802)
Net Receipts	\$312,598	\$281,243
Measure J	\$0	\$466,669

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

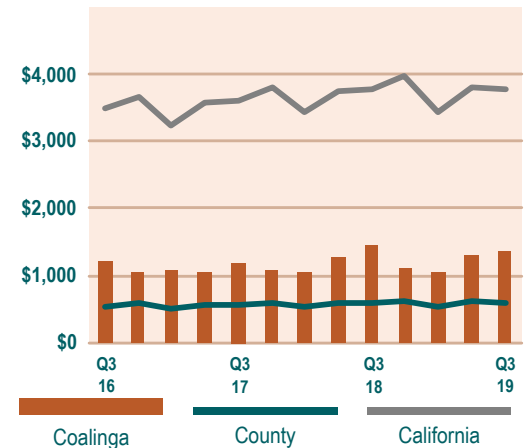
tax measures on the November 2019 ballot adding six new districts and extending two others.

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%.

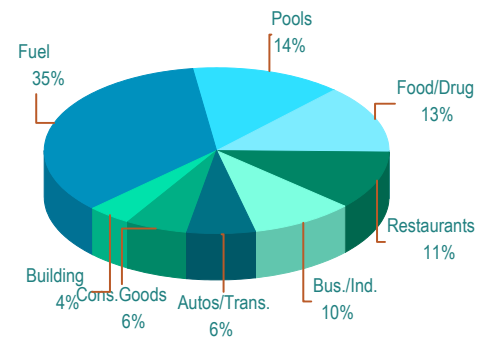
Thirty-five or more additional local TUT measures are currently being considered for the March 2020 ballot.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP Coalinga This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

COALINGA TOP 15 BUSINESS TYPES**

Business Type	Coalinga		County	HdL State
	Q3 '19	Change	Change	Change
Automotive Supply Stores	— CONFIDENTIAL —		5.9%	3.7%
Building Materials	— CONFIDENTIAL —		-5.1%	0.1%
Cannabis Related	— CONFIDENTIAL —		na	38.1%
Casual Dining	5,187	-23.1%	6.0%	2.3%
Contractors	— CONFIDENTIAL —		18.9%	2.6%
Convenience Stores/Liquor	— CONFIDENTIAL —		9.5%	1.0%
Drug Stores	— CONFIDENTIAL —		0.4%	-1.2%
Energy/Utilities	— CONFIDENTIAL —		-17.4%	-6.2%
Fast-Casual Restaurants	— CONFIDENTIAL —		-2.3%	5.1%
Garden/Agricultural Supplies	— CONFIDENTIAL —		-35.5%	4.5%
Grocery Stores	13,666	7.3%	6.2%	1.7%
Petroleum Prod/Equipment	— CONFIDENTIAL —		-11.7%	-3.5%
Quick-Service Restaurants	22,104	0.3%	4.6%	2.6%
Service Stations	43,960	-3.6%	-4.3%	-1.5%
Variety Stores	— CONFIDENTIAL —		5.1%	3.4%
Total All Accounts	237,698	-3.2%	3.9%	0.3%
County & State Pool Allocation	39,087	15.4%	17.3%	14.9%
Gross Receipts	276,785	-1.0%	10.0%	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.