

# Q1 2015



# City of Burlingame Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2015)

## Burlingame In Brief

Receipts for Burlingame's January through March sales were 10.9% higher than the same quarter one year ago.

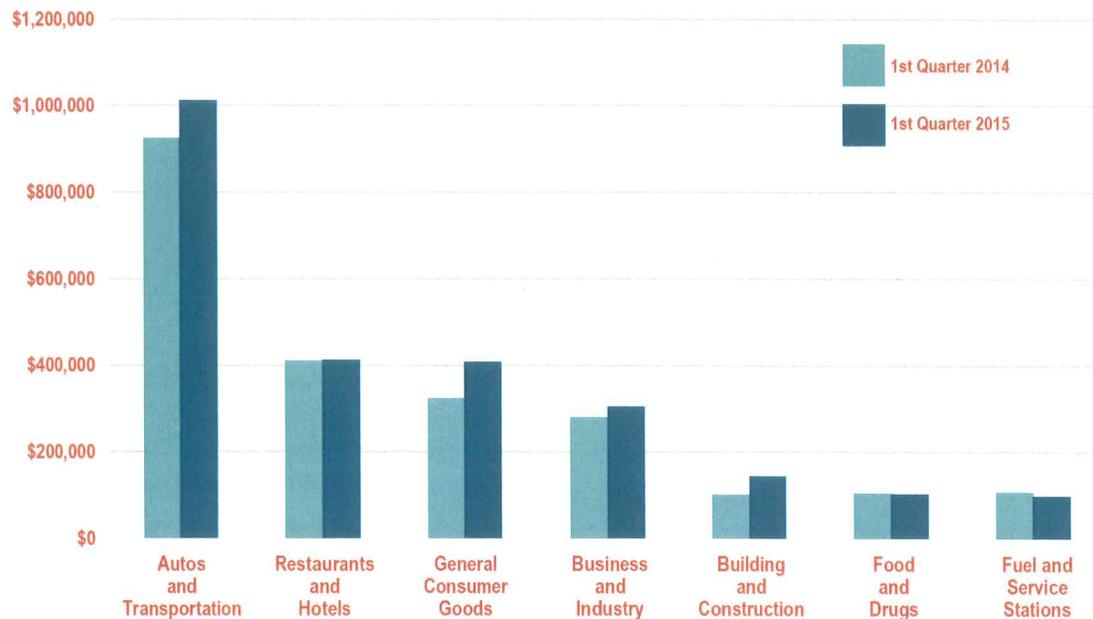
Except for fuel and service station declines due to unusually low fuel prices and a slight sales decline in the food and drugs category, results from various industry groups were positive.

The autos and transportation segment recorded another strong sales quarter propelled by new motor vehicle sales and leases. Solid increases among specialty store, family apparel and home furnishings boosted general consumer receipts. Building and construction totals were up but a negative accounting adjustment in the comparison quarter inflated the group gain. Conversely, business and industry gains were stronger than they appeared; a negative payment adjustment temporarily cut totals in the reporting period. Restaurants and hotels appeared to be little changed but a onetime negative payment adjustment masked an actual sales increase for the segment.

The city's allocation from the countywide use tax pool showed exceptional growth in amounts available for distribution.

Net of payment aberrations, taxable sales for all of San Mateo County grew 2.7% over 2014's first quarter; the Bay Area was up 4.6%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

ABC Supply	Marriott Hotel Services
Alfa Romero And Fiat of Burlingame	Mike Harvey Acura
All Industrial Supply	Mike Harvey Honda
All Natural Stone	Putnam Chevrolet Cadillac
Apple	Putnam Mazda
Audi Leasing	Putnam Volvo
Bentley Leasing	Putnam Toyota
Balsam Hill	Rector Porsche Audi
Benihana	Safeway
Color Copy Printing	Technical Instrument
Garratt Callahan	Tesla Motors
Hyatt Regency	Walgreens
Hyundai Burlingame	WW Grainger
Kern Jewelers	

## REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$9,191,724	\$10,140,634
County Pool	1,339,953	1,598,319
State Pool	6,343	6,826
<b>Gross Receipts</b>	<b>\$10,538,020</b>	<b>\$11,745,779</b>
Cty/Cnty Share	(526,901)	(587,289)
<b>Net Receipts</b>	<b>\$10,011,119</b>	<b>\$11,158,490</b>
Less Triple Flip*	\$(2,502,780)	\$(2,789,623)

\*Reimbursed from county compensation fund

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**California as a Whole**

Local one cent tax receipts from sales occurring January through March rose 3.65% over 2014's comparable quarter after adjusting for reporting anomalies.

An exceptionally strong quarter for auto sales/leases and restaurants was the primary contributor to the overall increase. A rise in building-construction materials was also a factor although much of this growth came from specific office and sports facility projects in Northern California.

Gains from sales of general consumer goods were primarily in value priced clothing, home furnishings and specialty retail which includes pet supplies and cosmetics. Online shopping involving goods shipped from out of state continues to shift a major portion of the growth in general consumer goods to the countywide pools.

The statewide gains were largely offset by a 21% decline in receipts from fuel and service stations.

**Tax on Services**

The Board of Equalization has released an estimate that levying sales and use tax on services would raise over \$122.5 billion in state and local revenues or enough to lower the overall tax rate to under 4%.

Originally imposed in 1933 as a 2 1/2% tax with only three exemptions, the legislature has gradually exempted more and more goods from the sales tax while raising rates to compensate for the corresponding revenue loss. This and the state's shift from a manufacturing to service economy has created the nation's highest sales tax rate on the narrowest basket of goods.

Although more discussion is needed, there is interest in expanding the sales tax to services and lowering the rate to make the tax less regressive and

more competitive while providing greater flexibility in the development of local tax bases.

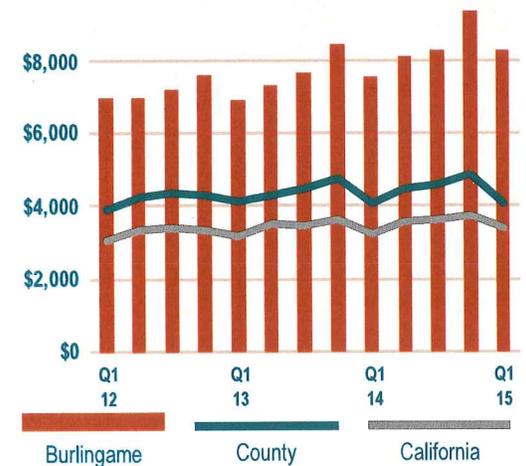
**Tax on Jet Fuel**

The Federal Aviation Administration has ruled that sales taxes on jet fuel must only be used for airport and aviation programs. The rule applies to taxes levied after 1987 but is unclear as to transactions tax districts, Proposition 172 revenues, or revenues collected by jurisdictions without airports. Clarification will not be available until FAA review and approval of a plan that has to be submitted by the state Department of Finance by December 8, 2015.

**Tax on Marijuana**

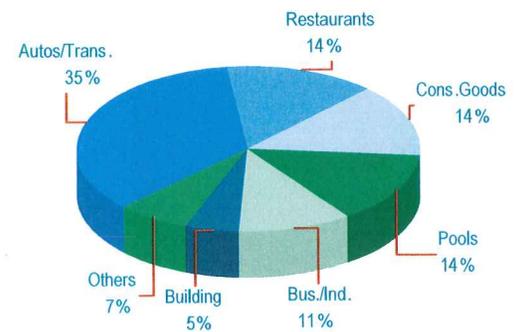
A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE findings are expected by November 2015.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

Burlingame This Quarter



**BURLINGAME TOP 15 BUSINESS TYPES**

Business Type	*In thousands			
	Burlingame Q1 '15*	Burlingame Change	County Change	HdL State Change
Auto Lease	67.9	10.1%	13.7%	21.5%
Business Services	50.9	190.5%	173.3%	25.7%
Casual Dining	187.1	14.1%	10.6%	5.8%
Contractors	51.0	25.4%	24.3%	15.2%
Electrical Equipment	70.0	38.5%	9.4%	-2.7%
Electronics/Appliance Stores	— CONFIDENTIAL —		-8.2%	-0.4%
Family Apparel	61.4	11.6%	13.3%	9.8%
Fine Dining	93.3	19.2%	12.2%	16.0%
Home Furnishings	57.4	14.2%	-27.9%	8.3%
Hotels-Liquor	116.6	-7.9%	9.3%	9.5%
Light Industrial/Printers	51.6	18.7%	-7.5%	5.3%
Medical/Biotech	56.0	-7.9%	46.3%	5.4%
New Motor Vehicle Dealers	848.5	11.5%	8.8%	11.1%
Service Stations	97.7	-8.4%	-23.4%	-21.9%
Specialty Stores	70.7	22.9%	28.7%	9.6%
<b>Total All Accounts</b>	<b>\$2,478.4</b>	<b>10.3%</b>	<b>2.3%</b>	<b>3.6%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$398.3</b>	<b>15.5%</b>	<b>7.1%</b>	<b>1.1%</b>
<b>Gross Receipts</b>	<b>\$2,876.6</b>	<b>10.9%</b>	<b>2.9%</b>	<b>3.3%</b>
City/County Share	(143.8)	-10.9%		
<b>Net Receipts</b>	<b>\$2,732.8</b>	<b>10.9%</b>		