

# Q2 2019



# City of Martinez Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2019)

## Martinez In Brief

Martinez's receipts from April through June were 3.1% above the second sales period in 2018. Excluding reporting aberrations, actual sales were down 13.3%. Reporting irregularities skewed results in all categories.

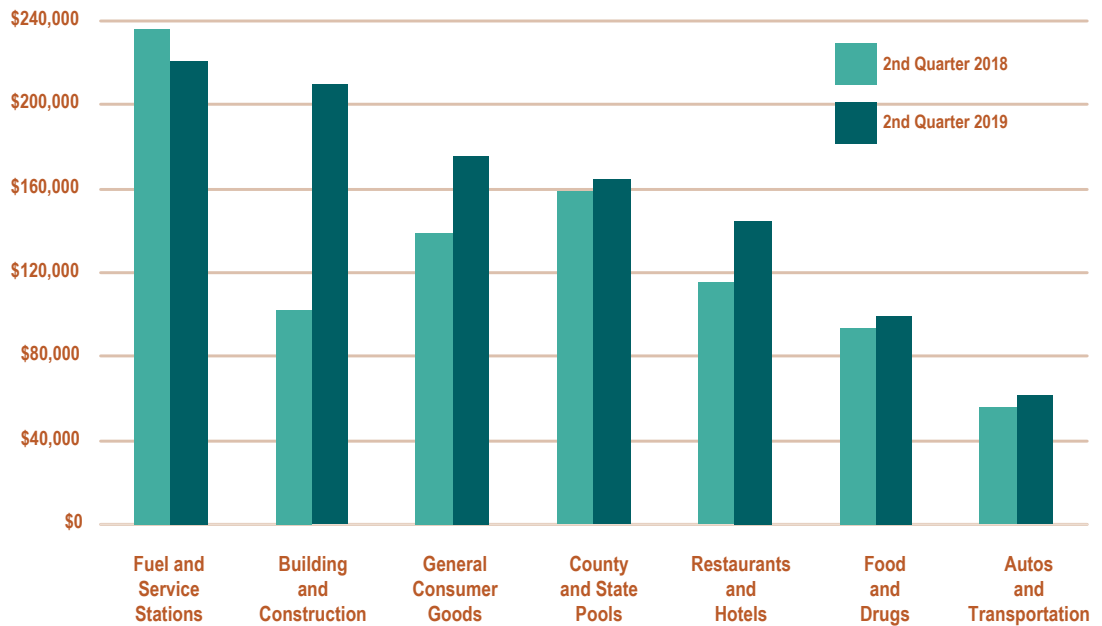
A large onetime, negative correction from 2015 was the cause of the large decline in business-industry while missing payments in the comparison quarter inflated the results in building-construction. Missing payments in fuel and service stations caused a steep decline.

General consumer goods outpaced the statewide results by posting a gain of 1.8%, after accounting for the anomalies while quick-service and casual dining fell behind the statewide results and posted modest declines.

The Measure D, the voter approved transaction tax, was also inflated by the reporting irregularities. Measure D generated \$939,724 in revenue, once deviations were removed, it posted a 4.2% decline compared to a year ago. The new voter approved Measure X generated \$833,412 in its first quarter of reporting.

Net of aberrations, taxable receipts for all of Contra Costa County grew 1.5% over the comparable time period; the Bay Area was up 1.9%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

ABC Supply Co	Euv Tech
Ace Auto Dealers	Golden Gate Petroleum
Ace Truckbox Center	Home Depot
Alhambra Chevron	Integrity Voting Systems
Alhambra Shell	Les Schwab Tire Center
Baja Construction Co	Lucky Supermarket
Build Tek	McDonalds
Chevron	Muir Shell
Colonial Energy	Nob Hill Foods
Copart	Safeway
Cresco Equipment Rentals	Siemens Medical Solutions
CVS Pharmacy	Walmart
Eco Services Operations	

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date (Q3 to Q2)

	2017-18	2018-19
Point-of-Sale	\$3,883,350	\$4,242,543
County Pool	698,752	810,758
State Pool	2,300	2,230
Gross Receipts†	\$4,584,402	\$5,055,531
Cty/Cnty Share	(114,610)	(126,388)
Net Receipts	\$4,469,792	\$4,929,143
Measure D	\$3,370,680	\$3,916,709
Measure X	\$0	\$837,781

†Includes tax sharing amounts due to others

**California Overall**

The local one percent share of California’s sales and use tax from April through June sales was 20.4% higher than the same quarter in 2018. However, the actual gain came to 2.9% after factoring for online filing issues and accounting anomalies. Fiscal year 2018-19 ended with an increase of 3.6% over the previous year after similarly adjusting for reporting aberrations.

The quarter exhibited continuation of a recent softening for most taxable categories. Rising used car sales and rentals helped offset what was otherwise, a generally flat quarter for the auto-transportation group. An acceleration in online shopping boosted receipts from county wide pools while gains for brick and mortar stores were limited to value-priced apparel, discount department stores and jewelry.

Restaurant patronage appears to be leveling with a shift toward lower cost dining options that produced relatively modest gains for the group when compared to previous quarters. New cannabis operations resulted in a small rise in food and drug receipts.

A 2.5% gain in business-industrial sales and use tax revenues came primarily from online fulfillment centers, logistics and utility company purchases and ongoing investment in automation and information technology. A similar rise in receipts from the building-construction group was due to a variety of infrastructure and onetime special projects that offset declines in material purchases for new home construction.

**Marketplace Facilitator Act**

Effective Oct. 1, 2019, companies such as Amazon, eBay and Google who provide sales tax related services to other retailers are required to assume the obligation for collecting and remitting their client’s sales and use tax. The definition of sales-related services includes payment processing, inventory and shipping of merchandise, order taking, providing customer service, or assisting with re-

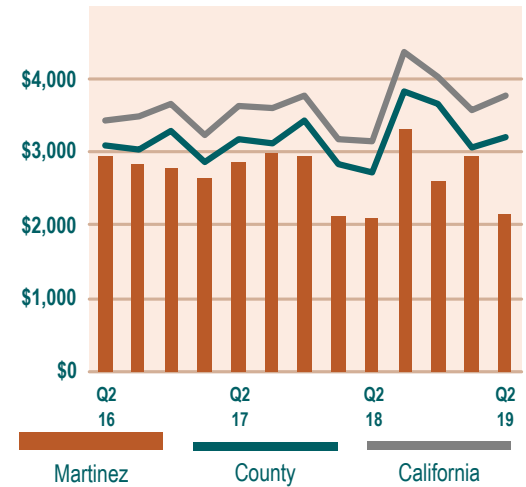
turns and exchanges.

The Marketplace provision was part of AB 147 which was adopted to implement California’s approach to the U.S. Supreme Court decision in South Dakota v. Wayfair Inc.

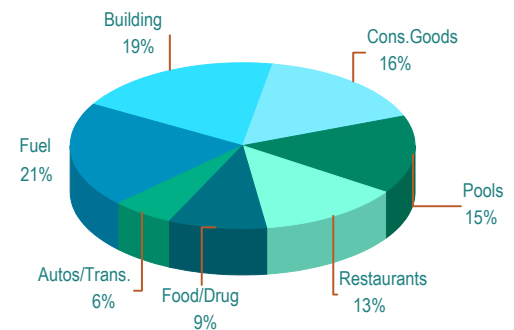
AB 147 requires out-of-state retailers with annual combined sales of \$500,000 or more to now collect and remit this state’s sales and use tax from its customers. Applying the \$500,000 threshold to the sum total of all the third-party transactions that facilitators process for their clients, is hoped to produce moderate gains in previously uncollected revenues for the state, cities, counties and local transaction tax districts.

Facilitator tax remittances from merchandise inventoried in California will be allocated to specific jurisdictions while receipts from deliveries outside of the state will be distributed via the pools. Some facilitators have begun to collect and remit taxes ahead of this deadline. This is evidenced by new pool allocations and increases in direct allocations to certain jurisdictions.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Martinez This Quarter



**MARTINEZ TOP 15 BUSINESS TYPES**

Business Type	Martinez		County	HdL State
	Q2 '19	Change	Change	Change
Automotive Supply Stores	18,565	16.3%	24.0%	16.3%
Building Materials	168,652	114.2%	40.4%	34.1%
Casual Dining	57,150	37.5%	26.4%	24.5%
Contractors	39,811	82.4%	30.7%	26.8%
Convenience Stores/Liquor	18,174	31.2%	19.7%	15.0%
Discount Dept Stores	— CONFIDENTIAL —	—	17.3%	26.3%
Drug Stores	— CONFIDENTIAL —	—	0.3%	-0.3%
Grocery Stores	— CONFIDENTIAL —	—	15.5%	9.6%
Light Industrial/Printers	41,963	245.2%	55.6%	51.2%
Medical/Biotech	— CONFIDENTIAL —	—	90.5%	39.4%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	72.8%	15.3%
Quick-Service Restaurants	62,984	5.5%	15.3%	15.8%
Repair Shop/Equip. Rentals	— CONFIDENTIAL —	—	10.5%	29.3%
Service Stations	99,478	50.6%	54.5%	51.4%
Used Automotive Dealers	24,320	-17.5%	32.0%	90.0%
<b>Total All Accounts</b>	<b>825,785</b>	<b>3.0%</b>	<b>18.5%</b>	<b>20.1%</b>
<b>County &amp; State Pool Allocation</b>	<b>164,170</b>	<b>3.7%</b>	<b>19.3%</b>	<b>22.4%</b>
<b>Gross Receipts</b>	<b>989,955</b>	<b>3.1%</b>	<b>18.7%</b>	<b>20.4%</b>
City/County Share	(24,749)	-3.1%		
<b>Net Receipts</b>	<b>965,206</b>	<b>3.1%</b>		