

Q3 2015



City of Banning Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2015)

Banning In Brief

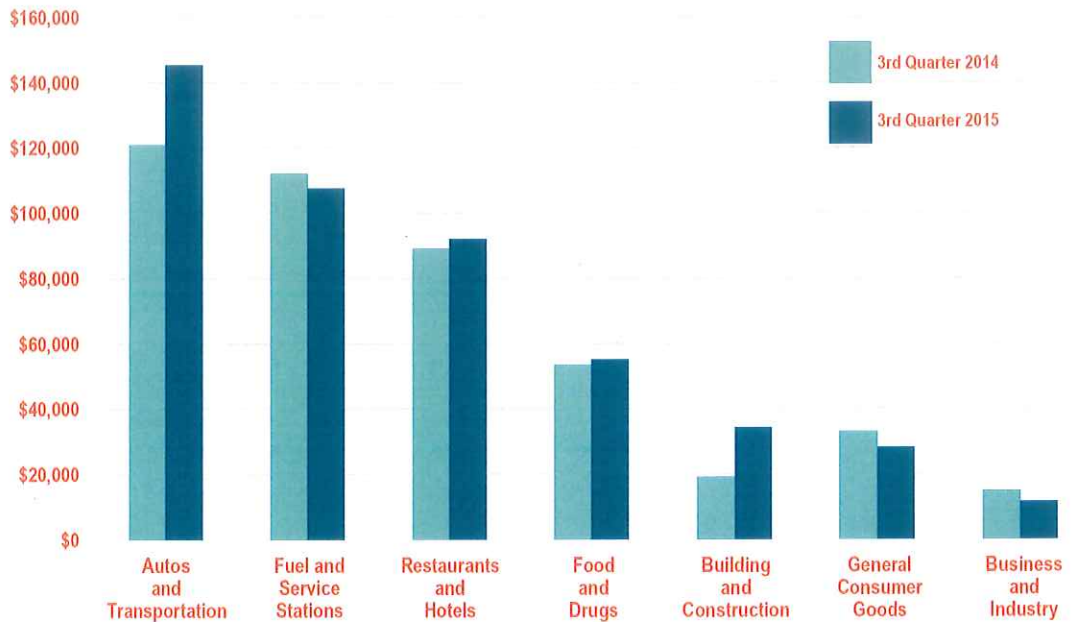
Banning's receipts from July through September were 6.0% above the third sales period in 2014. Excluding reporting aberrations, actual sales were up 3.5%.

The city experienced a strong sales quarter for the autos and transportation group, contractor supplies, quick-service restaurants and grocery stores.

The gains were partially offset by lower fuel prices at the pump and a decline in sales from heavy industrial. A business closeout reduced returns from the general consumer goods sector.

Net of aberrations, taxable sales for all of Riverside County grew 3.1% over the comparable time period; the Southern California region was up 3.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Albertsons	Jack in the Box
Arco AM PM	McDonalds
Arco AM PM	Rite Aid
Auto Source	Shell
AutoZone	Sizzler
Banning RV Discount Center	Smart & Final
Carls Jr	Snack Attack
Coyne Powersports	Chevron
Del Taco	Sun Lakes
Diamond Hills Auto Group	Walgreens
G & M Oil Arco	Wausau Tile
Highland Springs	Western Hydro
Mobil	Zenner Performance Meters
IHOP	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$938,843	\$939,314
County Pool	106,357	104,496
State Pool	676	473
Gross Receipts	\$1,045,877	\$1,044,284
Less Triple Flip*	\$(261,469)	\$(261,071)

*Reimbursed from county compensation fund

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter were up 2.4% over last year's comparable quarter after adjusting for payment aberrations.

New and used auto sales and leases continued to exhibit solid gains and were the primary contributor to the quarter's statewide growth. The countywide allocation pools were the second largest contributors to the overall gain, boosted by increased online sales activity. The state's travel and tourism industry contributed to a robust increase in receipts from restaurants and hotels. Recovering building and construction activity was also significant with an 8.6% increase over the comparison period.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the fourth consecutive quarter.

Overall performance was similar throughout most regions of the state, however the effect of lower fuel prices significantly dampened results in portions of the San Joaquin Valley.

Online Retail Sales Continue to Outpace Brick & Mortar Stores

Fourth quarter tax results will not be available until March but preliminary reports indicate holiday purchases from some brick and mortar stores are flat or down from 2014, while the volume of online shopping has set new records.

Although stores are not in danger of disappearing, the trend has many retail chains considering long-term plans for smaller "showroom" units with less square footage, employees, and in-store inventory.

HdL's statewide sales tax database for the first three quarters of 2015 shows that online orders for general consumer goods rose 17.6% over the first three quarters of 2014, while the overall sales gains at brick and mortar stores grew a modest 2.2%.

New Restrictions on Tax Sharing Agreements

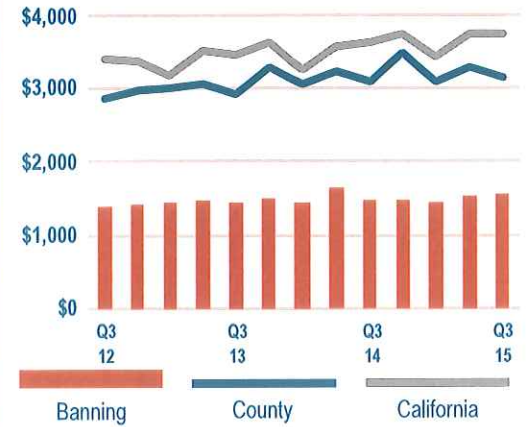
Tax rebates are subject to additional restrictions and reporting requirements in 2016.

Newly adopted Government Code Section 53084.5 prohibits tax sharing agreements that reduce another agency's sales tax if the business generating the tax continues to maintain a physical presence in the losing agency's jurisdiction.

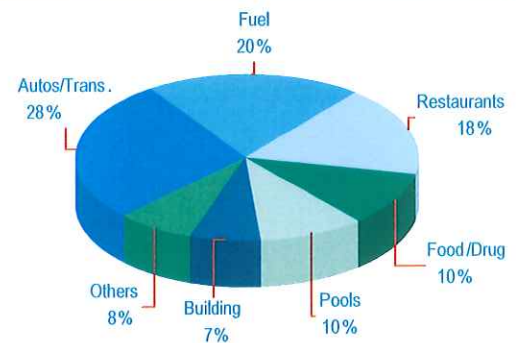
The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial statements with periods beginning after December 15, 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Banning This Quarter



BANNING TOP 15 BUSINESS TYPES

Business Type	Banning		County	HdL State
	Q3 '15	Change	Change	Change
Auto Repair Shops	9,086	-6.3%	16.2%	6.2%
Automotive Supply Stores	10,805	-9.9%	2.9%	5.8%
Boats/Motorcycles	15,200	-0.6%	3.9%	11.9%
Casual Dining	35,378	0.8%	5.5%	5.0%
Contractors	32,391	87.9%	10.5%	12.9%
Drug Stores	— CONFIDENTIAL —	—	-3.0%	-1.4%
Grocery Stores Liquor	— CONFIDENTIAL —	—	10.9%	3.8%
Heavy Industrial	6,986	-29.9%	-14.8%	6.3%
Liquor Stores	9,090	-2.4%	6.9%	5.5%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	11.1%	8.2%
Quick-Service Restaurants	46,684	3.6%	6.7%	6.8%
Service Stations	105,775	-5.0%	-9.1%	-11.8%
Trailers/RVs	— CONFIDENTIAL —	—	29.1%	21.6%
Used Automotive Dealers	16,770	14.5%	-4.5%	13.6%
Variety Stores	— CONFIDENTIAL —	—	5.1%	4.9%
Total All Accounts	473,719	7.0%	2.6%	2.3%
County & State Pool Allocation	51,927	-2.6%	-6.6%	3.5%
Gross Receipts	525,647	6.0%	1.6%	2.4%