

# Q4 2019



# City of Moorpark Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2019)

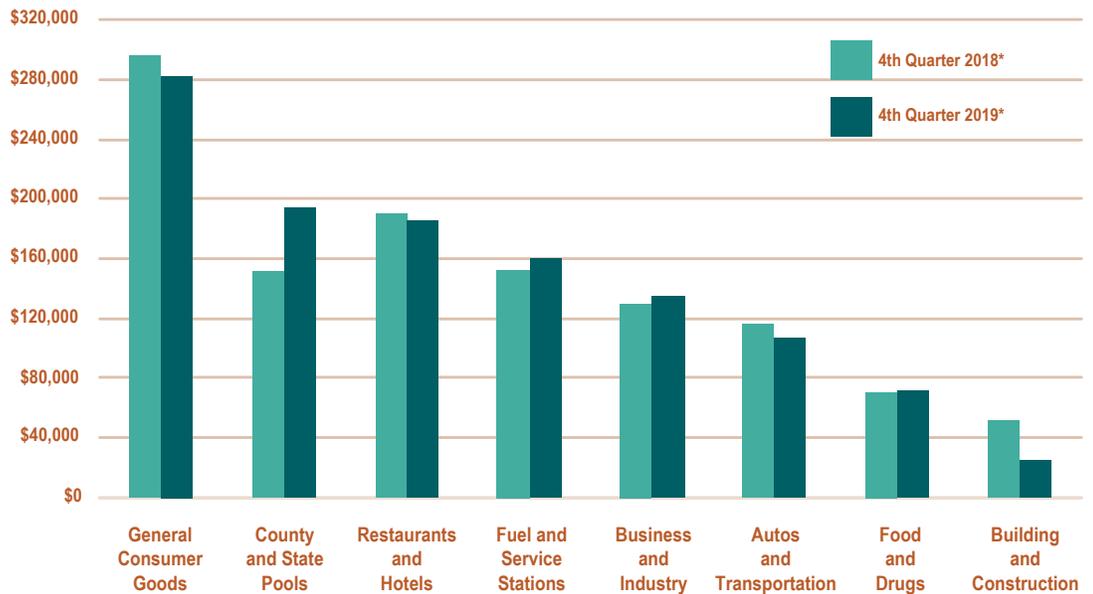
## Moorpark In Brief

Moorpark's allocation of sales and use tax from its October through December sales was 2.7% higher than the holiday quarter of 2018. Revenues were flat after accounting anomalies are factored out.

The loss of a major tax generator in the building-construction group and generally soft holiday spending at brick and mortar stores and restaurants reduced point-of-sale receipts by 4.2%. The loss was offset by a rise in Moorpark's 2.8% share of the countywide use tax allocation pool which resulted from accelerated online shopping for merchandise shipped from out-of-state and a previous Supreme Court decision that allows requiring out-of-state retailers to collect and remit California sales and use tax.

Adjusted for aberrations, sales and use tax receipts for all of Ventura County grew 5.0% over the comparable time period while the Southern California region as a whole, was up 4.4%.

## SALES TAX BY MAJOR BUSINESS GROUP



\*Allocation aberrations have been adjusted to reflect sales activity

### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

76	Pentair Pool Products
Authentic Watches	QEP Company
Campus Plaza Shell	Ralphs
Command Performance Catering	Shell
Dick's Sporting Goods	Simi Valley Harley Davidson
In N Out Burger	Target
Kohls	Testequity
McDonalds	TJ Maxx
Michaels Arts & Crafts	Tom Lindstrom RV
Moorpark 76	Tractor Supply
Moorpark Chevron	Vons
Moorpark Petroleum	Warehouse Discount Center
	Wood Ranch

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date (Q3 to Q4)

	2018-19	2019-20
Point-of-Sale	\$2,021,602	\$1,918,012
County Pool	288,190	339,356
State Pool	1,013	861
<b>Gross Receipts</b>	<b>\$2,310,804</b>	<b>\$2,258,229</b>
Cty/Cnty Share	(76,257)	(74,522)
<b>Net Receipts</b>	<b>\$2,234,548</b>	<b>\$2,183,708</b>

**California Overall**

Statewide sales and use tax receipts from 2019's fourth quarter were 4.2% higher than last year's holiday quarter after factoring for accounting anomalies.

The increase came from the acceleration in online shopping which generated huge gains in the countywide use tax pools for merchandise shipped from out-of-state and from California based fulfillment warehouses in those cases where the warehouse is also point-of-sale. This segment was further boosted by the first full quarter of California's implementation of the Wayfair vs South Dakota ruling that requires out-of-state retailers to collect and remit sales tax on merchandise sold to California customers. The ruling has led to an increase in sales tax receipts of roughly \$2.95 per capita while also producing double digit gains for in-state online fulfillment centers.

In contrast, soft sales and closeouts resulted in a decline in almost every category of brick-and-mortar spending during the holiday season while new cannabis retailers helped boost what would have been a soft quarter for the food-drug group. Most other sales categories including new cars and business-industrial purchases were also down. Restaurant group gains were modest compared to previous quarters.

Overall, the rise in county pool receipts offset what would have been otherwise, a flat or depressed quarter for most jurisdictions.

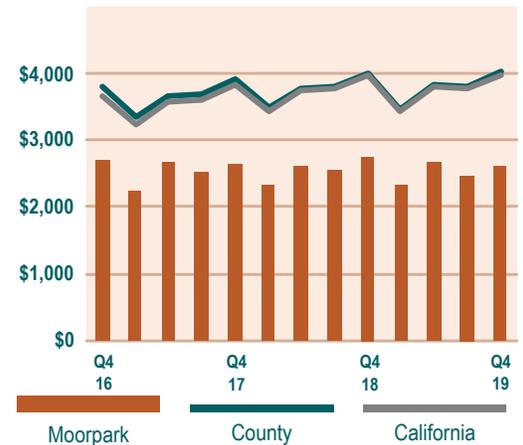
**Covid-19**

The coronavirus impact will first be seen in next quarter's data reflecting January through March sales. Based on recovery rates being reported in some Asian countries, the virus's disruption of supply chains will be deepest in the first and second quarter and largely resolved by mid-summer. However, recovery from social distancing and home confinements could take longer

with the deepest tax declines expected in the restaurant/hospitality, travel/transportation and brick-and-mortar retail segments. Layoffs and furloughs are also expected to reduce purchases of new cars and other high cost durable goods. The losses from the state's high-tech innovation industries may be more modest while the food-drug and online retail groups could exhibit increases.

Assuming that the virus is largest contained by the end of September, HdL's economic scenario projects that tax declines will bottom out in the first quarter of 2021 but with only moderate gains for several quarters after. Data from previous downturns suggests that the return to previous spending is not immediate and often evolves. Businesses emerge with ways to operate with fewer employees and more moderate capital investment. Consumers take time to fully get back to previous levels of leisure travel, dining and spending and may permanently transfer to newly discovered services, activities and/or online retail options.

**SALES PER CAPITA\***



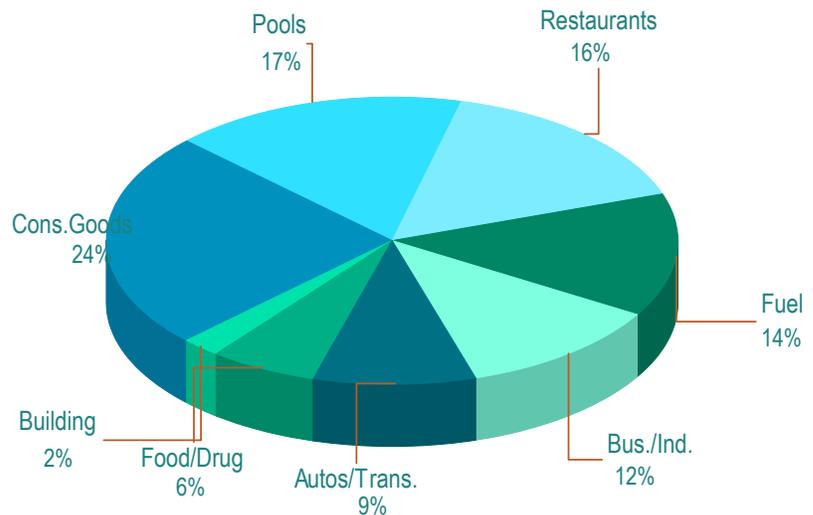
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**COUNTY OVERALL  
4Q YOY RECEIPTS % CHANGE**

Major Industry Groups	Cash	Adjusted*
Autos and Transportation	10.4%	4.3%
Building and Construction	-9.2%	-2.4%
Business and Industry	5.5%	-3.5%
Food and Drugs	5.5%	4.7%
Fuel and Service Stations	-1.3%	0.2%
General Consumer Goods	0.1%	-1.3%
Restaurants and Hotels	7.0%	4.9%
County and State Pools	34.5%	33.8%
<b>Total</b>	<b>7.2%</b>	<b>5.0%</b>

\*Accounting anomalies factored out

**REVENUE BY BUSINESS GROUP  
Moorpark This Quarter\***



\*Allocation aberrations have been adjusted to reflect sales activity