

Q1 2019



Moreno Valley Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2019)

Moreno Valley In Brief

Moreno Valley's receipts from January through March were 19.3% above the first sales period in 2018. However, this comparison is inflated due to CDTFA's transition to a new reporting system in the prior year which temporarily left multiple returns unprocessed. After including the remittances and other reporting aberrations, actual sales were up 2.3%.

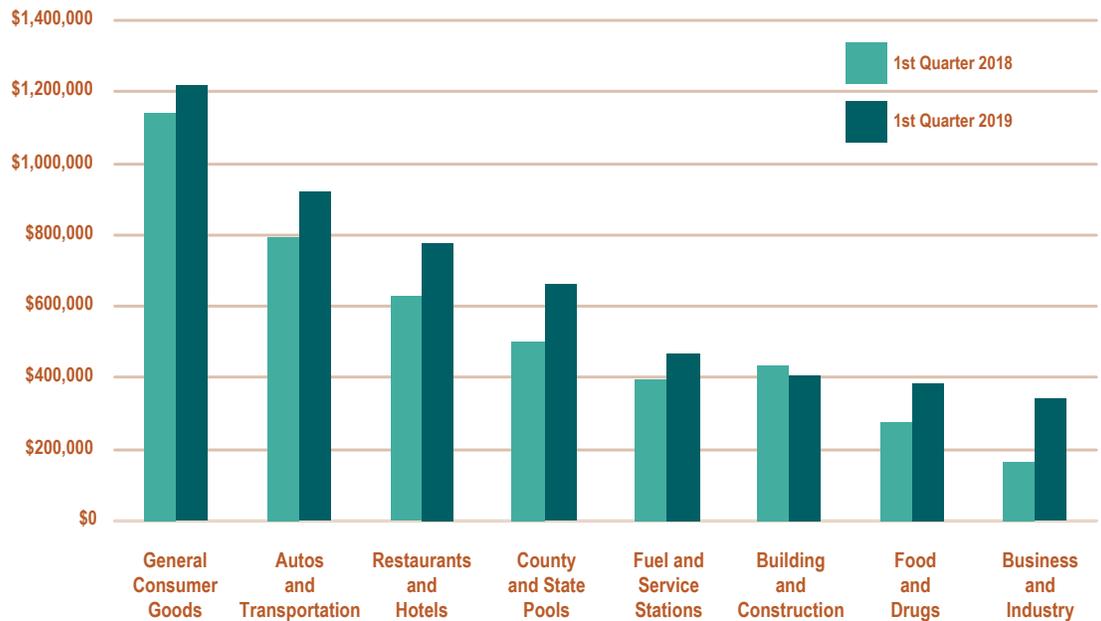
Once adjusted, the recent addition of new and used car dealers helped boost autos-transportation. Greater variety and creative new dining concepts continued to improve interest in eating out therefore positively impacting casual and fast casual dining restaurant receipts.

Business-industry growth was supported by onetime allocations and improved sales by fulfillment centers and heavy industrial suppliers.

The combination of improved local point of sale revenue and increased capital and online purchases of items shipped into the region, bolstered allocations from the county-wide use tax pool, further enhancing the overall adjusted gains.

Net of aberrations, taxable sales for all of Riverside County grew 1.4% over the comparable time period; the Southern California region was up 0.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Moss Bros Toyota
Circle K	Netrush Com
Costco	Olive Garden
Deckers Outdoor	Robertsons Ready Mix
Food 4 Less	Ross
Home Depot	Serta Mattress
Intelligrated systems	Shell
Lowes	Simmons Manufacturing
Macys	Stater Bros
Moss Bros Buick GMC	Target
Moss Bros Chevrolet	Walgreens
Moss Bros Chrysler Jeep Dodge Ram Fiat	Walmart Supercenter
Moss Bros Honda	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date (Q3 to Q1)

	2017-18	2018-19
Point-of-Sale	\$12,788,497	\$14,502,407
County Pool	1,627,003	2,259,115
State Pool	7,879	7,629
Gross Receipts	\$14,423,379	\$16,769,152

Statewide Results

Local sales and use tax receipts from January through March sales were 1.0% higher than the first quarter of 2018 after factoring out accounting anomalies and back payments from previous state reporting shortfalls. This was the lowest percentage increase since first quarter, 2010.

The growth came primarily from a solid quarter for purchases related to expanding logistics, medical and technology facilities and modest gains in building-construction supplies and restaurants. Cannabis sales produced a slight uptick in the food-drug group.

Lower fuel prices and declining general consumer good purchases offset the gains. The shift to internet purchases continued with online shopping accounting for 22.3% of the total general consumer goods segment versus 20.2% one year ago. Tax receipts from new car sales exhibited significant reductions although the drop was partially offset by an upswing in used autos and auto leases.

Regional changes ranged from a decline of 2.1% to gains as high as 4.4%. However, the differences were primarily attributable to onetime projects or capital purchases and not reflective of overall economic trends.

Slower Growth Ahead?

July marks ten years of continuous economic growth which is the longest period of U.S. economic expansion on record. However, analysts from a variety of economic segments are reporting signs that we may be leveling off.

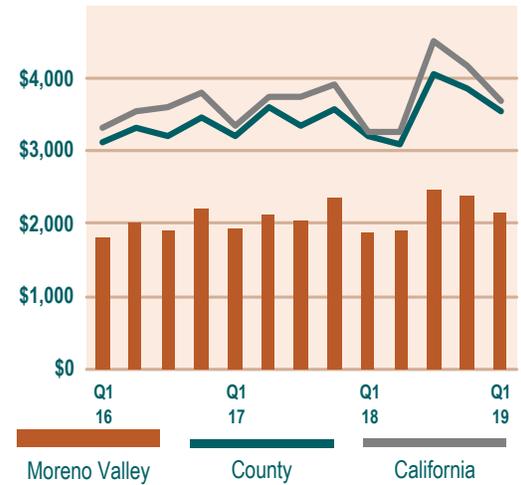
This quarter marked the eighth consecutive comparative period decline in California new car registrations with analysts noting that higher prices and a growing supply of vehicles coming off lease are making used cars more attractive. They also note that on-demand services such as Uber and Lyft are making it easier for debt-burdened millennials to avoid buying cars altogether.

Rising restaurant menu prices, renewed competition from grocer prepared meals, and cutbacks in foreign tourism appear to be reducing restaurant patronage which in recent years was one of the state's fastest growth segments. There will be an uptick in the second quarter's fuel-related tax receipts because of that period's refinery shutdowns; lower crude oil costs are expected to produce subsequent declines.

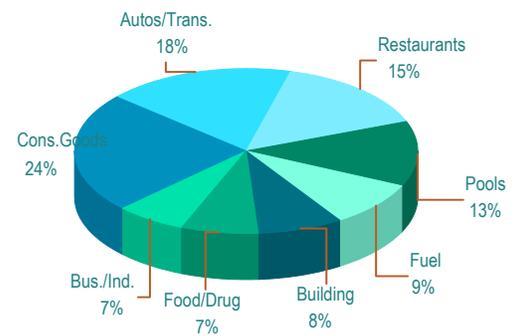
Uncertainty over U.S. tariff and trade policies plus labor shortages are delaying some investment and business expansion decisions while reduced home sales and two quarters of declining construction permit values suggest a potential future leveling in that sector. Investment in technological advances should continue and remain strong.

Economic shifts are not the only factor leveling sales tax revenues. With an economy based on intellectual technology rather than goods and consumer priorities shifting to non-taxable services and experiences, sales tax no longer reflects 21st century spending. Each year therefore, the portion of the economy that is taxed, shrinks.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Moreno Valley This Quarter



MORENO VALLEY TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Moreno Valley Q1 '19*	Moreno Valley Change	County Change	HdL State Change
Automotive Supply Stores	98.2	10.6%	9.7%	8.8%
Building Materials	285.5	5.1%	9.2%	4.0%
Casual Dining	291.9	25.2%	13.9%	13.3%
Contractors	— CONFIDENTIAL —	—	-7.0%	4.8%
Department Stores	101.9	4.8%	12.3%	35.0%
Discount Dept Stores	— CONFIDENTIAL —	—	6.3%	2.8%
Family Apparel	162.8	1.5%	5.2%	7.1%
Fast-Casual Restaurants	73.5	33.9%	12.5%	8.4%
Fulfillment Centers	184.6	103.4%	18.7%	22.2%
Grocery Stores	276.6	46.0%	34.7%	25.7%
Home Furnishings	101.2	99.2%	7.1%	3.3%
New Motor Vehicle Dealers	647.8	11.0%	-2.4%	-1.8%
Quick-Service Restaurants	395.4	20.4%	11.8%	10.1%
Service Stations	469.1	17.4%	20.6%	15.7%
Specialty Stores	68.6	8.4%	20.0%	23.3%
Total All Accounts	4,516.2	17.6%	11.7%	13.5%
County & State Pool Allocation	661.2	32.2%	25.6%	23.8%
Gross Receipts	5,177.4	19.3%	13.3%	14.9%