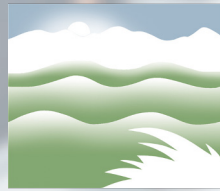


Q2 2017



City of San Jacinto Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2017)

San Jacinto In Brief

San Jacinto's receipts from April through June were 1.4% above the second sales period in 2016. Excluding reporting aberrations, actual sales were up 5.1%.

A new business helped to boost sales for electronics/appliances stores. Continued consumer interest in dining out led to higher totals for quick service restaurants.

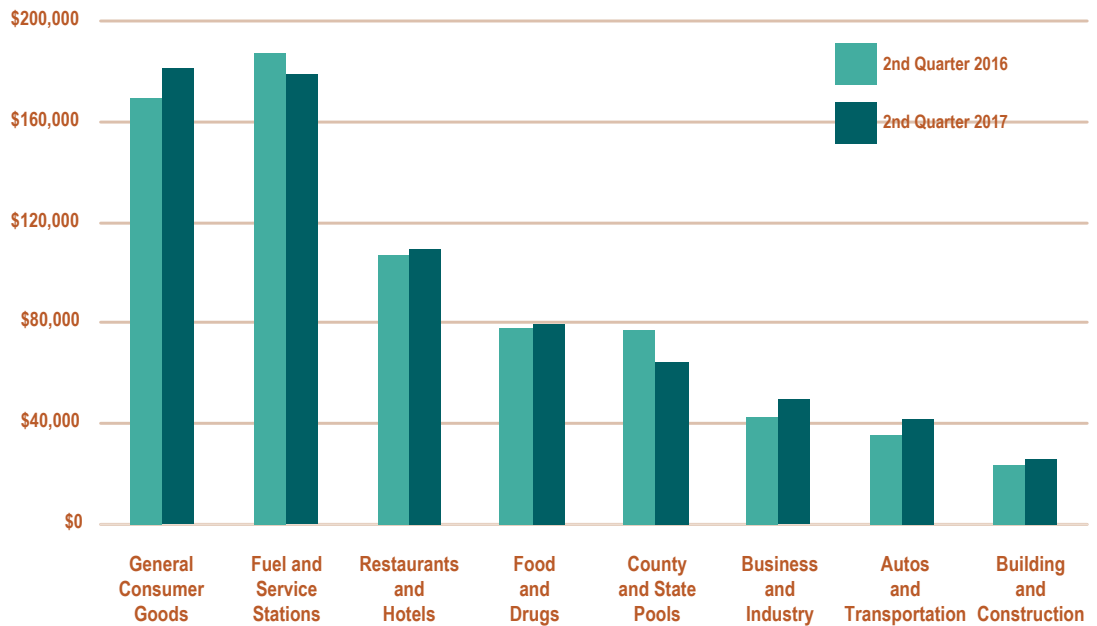
Grocery stores showed slight gains when compared to the same quarter in the prior year. Double payments in the comparison quarter were responsible for the increase for auto repair shops.

A late payment temporarily depressed sales for heavy industrial. A double payment in the previous year caused lower totals for service stations.

The city's share of the countywide use tax pool dropped 15.4% over the comparison period.

Net of aberrations, taxable sales for all of Riverside County grew 5.7% over the comparable time period; the Southern California region was up 3.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	McDonalds
951 Auto Sales	Mckelvey Vending
Arco AM PM	Mobil Shop N Go
AutoZone	Food Store
Cardenas	Mt San Jacinto Jr
Chevron	College Dist
Circle K	Peps Equipment
Crop Production Services	Rite Aid
Del Taco	San Jacinto Fastrip
Farmer Boys	San Jacinto Shell
Hemet Valley Pipe & Supply	San Jacinto Unified School Dist
Interstate Steel Structures	Stater Bros
Jack in the Box	Walgreens
	Walmart Supercenter

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2016-17	2017-18
Point-of-Sale	\$642,896	\$665,682
County Pool	76,945	65,103
State Pool	220	(336)
Gross Receipts	\$720,060	\$730,448
Less Triple Flip*	\$0	\$0

**Reimbursed from county compensation fund*

California Overall

Local government's one-cent share of statewide sales and use tax from transactions occurring April through June was 3.2% higher than the same quarter of 2016 after payment aberrations are factored out.

The largest percentage increases were from the countywide allocation pools, building supplies and rising fuel prices. Auto sales and restaurants continued to post solid gains. Except for value priced apparel and dollar stores, most categories of general consumer goods were down or flat with the growth in online shopping shifting tax receipts to in-state distribution centers or to the countywide allocation pools.

Receipts from business and industrial transactions were lower than last year's comparable quarter because of declines in new alternative energy projects. Agricultural and new technology related purchases exhibited healthy gains as did sales of warehouse and construction equipment. Most other categories were down from 2016.

Where does the Money Go?

E-commerce, technology and changing consumer preferences have retailers undergoing a dizzying transformation as they compete for customers through online websites, mobile apps, home delivery, social media, pop-up/flex stores and pick-up lockers as well as traditional brick and mortar businesses.

The changes in how goods are inventoried, sold and delivered has created some confusion in allocating local sales and use tax. However, it still involves three basic principles:

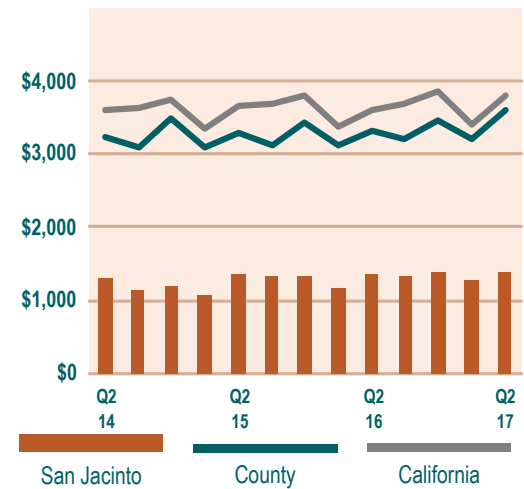
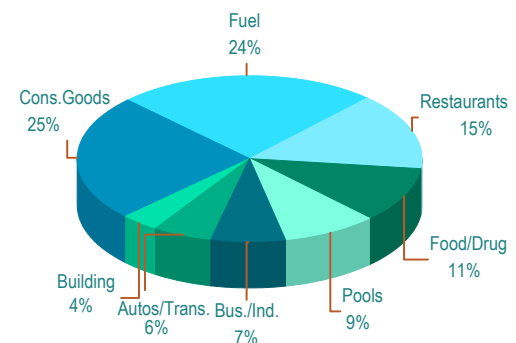
- Location where the sale is negotiated
- Location of goods at time of sale
- Ownership of goods being sold

Place of sale continues to be California's primary rule for allocating local sales tax. If the inventory is owned by the seller and is located in-state, the tax goes to the location that participates in the sale, either by receiving the order or

shipping the goods. If the order is taken outside the state but the seller owns the inventory and delivers the goods from inside California, the tax is allocated to the jurisdiction where the warehouse is located. Otherwise, the tax is shared by all agencies in the county where the goods are shipped on a pro-rata basis through the county allocation pools.

Ownership of the goods being sold is also a factor. In order for an agency to receive a direct allocation of local tax for goods shipped from a California fulfillment center, the location must be the retailer's place of business and not owned or operated by a separate legal entity. If the retailer has no place of business in California, the only opportunity for local tax is an indirect allocation through the countywide pools

For jurisdictions with transactions tax overrides, that tax goes to the place of purchase rather than the place of the seller. For example, the sales tax on the purchase of an automobile goes to the seller's location. However, the transactions tax, if any, goes to the jurisdiction where the buyer's vehicle is registered.

SALES PER CAPITA**REVENUE BY BUSINESS GROUP**
San Jacinto This Quarter**SAN JACINTO TOP 15 BUSINESS TYPES**

Business Type	San Jacinto		County	HdL State
	Q2 '17	Change	Change	Change
Auto Repair Shops	13,760	21.2%	6.7%	32.4%
Automotive Supply Stores	14,977	2.6%	3.8%	2.8%
Casual Dining	19,364	-4.8%	3.4%	1.6%
Contractors	11,163	43.8%	18.7%	10.0%
Convenience Stores/Liquor	11,263	-20.2%	-0.7%	5.1%
Discount Dept Stores	— CONFIDENTIAL —		2.3%	3.2%
Drug Stores	23,218	3.3%	3.3%	0.8%
Electronics/Appliance Stores	10,508	58.8%	-1.1%	0.3%
Garden/Agricultural Supplies	11,862	10.1%	11.3%	4.4%
Government/Social Org.	22,020	55.5%	30.8%	3.3%
Grocery Stores	43,866	7.6%	3.4%	2.1%
Plumbing/Electrical Supplies	9,913	-14.8%	1.6%	3.9%
Quick-Service Restaurants	84,360	4.0%	7.8%	6.0%
Service Stations	178,113	-4.9%	2.1%	8.6%
Used Automotive Dealers	10,267	3.2%	29.3%	0.6%
Total All Accounts	665,682	3.5%	10.3%	6.4%
County & State Pool Allocation	64,767	-16.1%	-10.6%	-9.9%
Gross Receipts	730,448	1.4%	8.0%	4.1%