

Administration and Projects Committee **STAFF REPORT**

Meeting Date: September 6, 2018

Subject	Accept Quarterly Sales Tax Revenue Report for the Period Ended June 30, 2018
Summary of Issues	This report contains a summary of sales tax revenues, including analysis and comparisons against prior monthly and quarterly periods.
Recommendations	Staff seeks acceptance of this report.
Financial Implications	None
Options	N/A
Attachments	<p>A. Sales Tax Revenues, Monthly Comparison</p> <p>B. Sales Tax Revenues, Quarterly Comparison</p>
Changes from Committee	

Background

Sales tax revenues are collected by the California Department of Tax and Fee Administration (CDTFA), and distributed to the jurisdictions in monthly installments (advances) based on quarterly estimates for taxable sales for the county. Actual sales tax revenues are accounted for in a “cleanup payment” four times a year. The months of February, May, August and November include cleanup payments for the prior respective quarters. For example, the August payment includes the cleanup payment to adjust for actual revenues of the prior April, May, and June. Therefore, the timing and amount of advances and cleanup payments do not directly correlate to the timing of point-of-sale transactions.

Sales Tax Revenues

The CDTFA (formally SBOE) transitioned to a new Centralized Revenue Opportunity System (CROS) on May 7, 2018. The new CROS system accelerates the tax distribution to local governments; therefore, Fiscal Year 2017-18 (FY 2017-18) will reflect one additional cleanup payment (five). Under the old method, the final cleanup payment for the 2nd quarter was received in September and considered revenue for the following fiscal year; the Authority

accrues revenues every 60 days. Therefore, the cleanup payment received in September is always accounted for in the following fiscal year. Now, the Authority will receive the 2nd quarter cleanup in August and recorded as FY 2017-18 revenue. FY 2017-18 will be an anomaly as it will have five cleanup payments, but moving forward all fiscal years will continue to receive four cleanup payments.

For the fiscal year ended June 30, 2018, the Authority's sales tax revenues totaled \$90.86 million (105.04%) of the \$86.5 million budgeted. Compared to the prior fiscal year, this is an increase of \$5.75 million (6.76%).

The Authority has budgeted \$91.150 million in sales tax revenues for FY 2018-19.

Overall, the continued improvement in sectors including the construction and heavy equipment, new auto sales, retail, and restaurants revenue resulted in a sales tax revenue increase of 6.76% over the prior year. Below is a brief analysis by quarter:

- Calendar Year 2017 Third Quarter (July through September sales) – Point-of-sale transactions tax receipts increased \$1,198,487 or 5.61% compared to the prior year period. The quarter results show improvement in service stations (Gas) \$202,000 (12%) and construction and heavy equipment \$311,000 (11.2%). Retail stores and restaurant sectors had increases of \$160,000 (4.2%) and \$117,000 (5.4%) respectively. However, auto sales tax receipts remained steady at \$2.9 million compared to the same period in 2016.
- Calendar Year 2017 Fourth Quarter (October through December sales) – Sales tax receipts for this quarter increased \$922,708 or 4.63% compared to the prior year period. Improvement was shown in the restaurant, retail, construction and heavy equipment and service stations sectors, with sales increases of \$118,000 (5.38%), \$143,000 (2.89%), \$428,000 (16.08%) and \$276,000 (17.41%) respectively. Auto sales tax receipts for the second quarter in a row remains steady at \$2.9 million compared to the same period in 2016.
- Calendar Year 2018 First Quarter (January through March sales) – Comparing point-of-sale transactions for this quarter in 2018 vs. 2017, sales tax revenues increased \$1.2 million or 5.6% compared to the prior year period. This quarter shows continued improvement in the service stations sectors, construction and heavy equipment, restaurant and retail sectors which increased \$202 thousand (12.0%), \$311 thousand (11.2%), \$117 thousand (5.4%) and \$160 thousand (4.2%); whereas, revenues related to auto sales remained the same at \$2.9 million with the prior year.

- Calendar year 2018 Second Quarter (April through June sales) – Sales tax revenues collected increased \$191 thousand or 1% compared to the prior year period. Final sales tax point-of-sale transactions data by industry for the second quarter are unknown until late September, but the payments received for the months of June, July and August are based on the actual point-of-sale transactions for the second quarter.

Staff continues to monitor sales tax revenues and will keep the Administrative and Projects Committee (APC) and Authority Board apprised.

**Contra Costa Transportation Authority
Sales Tax Revenues
Comparison to Same Month Prior Year**

Month	Prior Year		Current Year		Change from Prior Year	
	FY 16 - 17 Receipts	FY 16 - 17 Cumulative	FY 17 - 18 Receipts	FY 17 - 18 Cumulative	\$ Increase (Decrease)	% Increase (Decrease)
September	\$ 7,922,267	\$ 7,922,267	\$ 8,847,687	\$ 8,847,687	\$ 925,420	11.68%
October	5,778,400	13,700,667	5,863,000	14,710,687	1,010,020	7.37%
November	7,704,500	21,405,167	7,817,300	22,527,987	1,122,820	5.25%
December	8,012,307	29,417,474	9,166,024	31,694,011	2,276,537	7.74%
January	6,154,200	35,571,674	6,401,200	38,095,211	2,523,537	7.09%
February	8,205,600	43,777,274	8,534,900	46,630,111	2,852,837	6.52%
March	7,752,819	51,530,093	8,124,894	54,755,005	3,224,912	6.26%
April	5,209,700	56,739,793	5,445,700	60,200,705	3,460,912	6.10%
May	6,946,300	63,686,093	9,050,955	69,251,660	5,565,567	8.74%
June	8,170,407	71,856,500	7,010,456	76,262,116	4,405,616	6.13%
July	5,678,400	77,534,900	7,693,444	83,955,560	6,420,660	8.28%
August	7,571,200	85,106,100	6,907,072	90,862,632	5,756,532	6.76%
Total	\$ 85,106,100		\$ 90,862,632			

Quarterly Comparison to Prior Years

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Collection Period	July 1 - Sep 30	Oct 1 - Dec 31	Jan 1 - Mar 31	Apr 1 - June 30
Distribution Period	Sept-Nov	Dec-Feb	Mar-May	June-Aug

Receipts

FY 2017/18	\$ 22,527,987	\$ 24,102,124	\$ 22,621,549	\$ 21,610,972
FY 2016/17	21,405,167	22,372,107	19,908,819	21,420,007
FY 2015/16	21,066,847	22,213,420	19,142,768	21,044,842
FY 2014/15	19,607,448	21,430,222	18,285,027	20,131,948
FY 2013/14	18,282,960	19,304,050	18,435,512	19,876,008
FY 2012/13	19,172,586	18,501,258	17,578,904	19,545,034
FY 2011/12	15,702,726	19,184,787	15,619,162	18,221,584

Percent Change from Same Quarter in Prior Year

FY 2017/18	5.25%	7.73%	13.63%	0.89%
FY 2016/17	1.61%	0.71%	4.00%	1.78%
FY 2015/16	7.44%	3.65%	4.69%	4.53%
FY 2014/15	7.24%	11.01%	-0.82%	1.29%
FY 2013/14	-4.64%	4.34%	4.87%	1.69%
FY 2012/13	22.10%	-3.56%	12.55%	7.26%
FY 2011/12	8.70%	8.36%	7.26%	23.00%

Quarterly Sales Tax Receipts

