Culver City’s receipts from July through September were 7.3% below the third sales period in 2018 though the decline was the result of numerous anomalies in payment timing that occurred after the State’s recent transition to a new reporting system. After adjusting for the correct allocation period, sales were 3.0% higher.

The largest factor in this improvement was a surge in allocations from the countywide use tax pool that has been boosted by the April 1, 2019 implementation of California’s AB 147 legislation, which established a lower threshold to collect use-tax on out-of-state internet sales.

Cash receipts from auto leasing firms were higher, but the postings were artificially inflated by misallocations in the comparison year. A new fine dining restaurant was a positive, and business-industrial returns were also strong.

The sale of general consumer goods was the weak spot as consumers continue to migrate to the internet.

Measure Y generated an additional $2,507,000, while Measure C added $1,232,000.

Net of aberrations, taxable sales for all of Los Angeles County grew 2.7% over the comparable time period; the Southern California region was up 2.8%.
Statewide Results
The local one-cent share of statewide sales and use tax from sales occurring July through September was 2.2% higher than the summer quarter of 2018 after adjusting for accounting anomalies. The bulk of the increase came from the countywide use tax allocation pools and is due to the acceleration in online shopping where a large volume of the orders are shipped from out-of-state.

Online shopping also produced gains in the business-industrial group with in-state industrial zoned logistics centers filling orders previously taken by brick and mortar retailers. Purchases to support healthcare, food processing, logistics/warehouse operations and information/data technology also helped offset declines in other business-related categories.

With the exception of some discount and value-oriented retail, most categories of general consumer goods were down. New cannabis related start-ups offset declines in the food and drug group while a softening in building-construction receipts was consistent with recent declines in the volume and value of new building permit issuances.

Overall growth in restaurant receipts continued to soften with a shift toward lower cost dining establishments and takeout meal options. Reports of labor shortages and the impact of homelessness on customer traffic in metropolitan areas were reportedly factors in the decline in tax revenues from higher price, fine dining establishments.

Despite a slight uptick in used auto and auto lease receipts, the auto related group was significantly down due to a drop in new car and RV sales. Previously propped up by a 23% subprime rated customer base and six- and seven-year financing, loan delinquencies have recently surged back to levels last seen in 2009.

Additional Tax Districts Approved
Voters approved eight of the nine sales tax measures on the November 2019 ballot adding six new districts and extending two others.

This brings the total number of local transactions and use tax districts (TUT’s) to 325 with 62 that are levied countywide and 263 imposed by individual cities. The number of local districts have close to tripled over the last decade as agencies deal with rising costs and service needs. TUT’s have been a favorable option as visitors contribute to the tax and a collection system is already in place that minimizes administrative and monitoring costs.

California’s basic rule is that the rate for all local TUT’s combined, shall not exceed 2.0% or a total of 9.25% including the state levy. However, the state legislature has authorized higher caps in some jurisdictions with the highest voter-approved, combined state/local rate now at 10.5%.

Thirty-five or more additional local TUT measures are currently being considered for the March 2020 ballot.