San Jacinto
In Brief

San Jacinto's receipts from April through June were 22.2% above the second 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 delayed distributions to the City. Excluding these and other aberrations, actual sales were down 0.4%.

Reporting inconsistencies from one service station pushed the fuel group down 1.5%. Actual sales from most gas outlets were higher. Likewise, missing allocations in the business and industry sector depressed that group 40.6%.

Lower sales from contractors caused a 16.9% decrease in building and construction actual sales, while lower sales from auto repair shop dropped the automotive group 8.2%.

On the positive side, general retail sales were up 3.4%. Strong performance from quick-service eateries boosted the restaurant group sales 5.6%, while a new store lifted food and drugs 5.4%.

The City's cash receipts from the countywide use tax pool increased 28.3%. Adjusting for anomalies, pool receipts were 7.9% higher.

Net of aberrations, taxable receipts for all of Riverside County grew 3.6% over the comparable time period; the Southern California region was up 2.6%.
California Overall
The local one percent share of California’s sales and use tax from April through June sales was 20.4% higher than the same quarter in 2018. However, the actual gain came to 2.9% after factoring for online filing issues and accounting anomalies. Fiscal year 2018-19 ended with an increase of 3.6% over the previous year after similarly adjusting for reporting aberrations.

The quarter exhibited continuation of a recent softening for most taxable categories. Rising used car sales and rentals helped offset what was otherwise, a generally flat quarter for the auto-transportation group. An acceleration in online shopping boosted receipts from county wide pools while gains for brick and mortar stores were limited to value-priced apparel, discount department stores and jewelry.

Restaurant patronage appears to be leveling with a shift toward lower cost dining options that produced relatively modest gains for the group when compared to previous quarters. New cannabis operations resulted in a small rise in food and drug receipts.

A 2.5% gain in business-industrial sales and use tax revenues came primarily from online fulfillment centers, logistics and utility company purchases and ongoing investment in automation and information technology. A similar rise in receipts from the building-construction group was due to a variety of infrastructure and onetime special projects that offset declines in material purchases for new home construction.

Marketplace Facilitator Act
Effective Oct. 1, 2019, companies such as Amazon, eBay and Google who provide sales tax related services to other retailers are required to assume the obligation for collecting and remitting their client’s sales and use tax. The definition of sales-related services includes payment processing, inventory and shipping of merchandise, order taking, providing customer service, or assisting with returns and exchanges.

The Marketplace provision was part of AB 147 which was adopted to implement California’s approach to the U.S. Supreme Court decision in South Dakota v. Wayfair Inc.

AB 147 requires out-of-state retailers with annual combined sales of $500,000 or more to now collect and remit this state’s sales and use tax from its customers. Applying the $500,000 threshold to the sum total of all the third-party transactions that facilitators process for their clients, is hoped to produce moderate gains in previously uncollected revenues for the state, cities, counties and local transaction tax districts.

Facilitator tax remittances from merchandise inventoried in California will be allocated to specific jurisdictions while receipts from deliveries outside of the state will be distributed via the pools. Some facilitators have begun to collect and remit taxes ahead of this deadline. This is evidenced by new pool allocations and increases in direct allocations to certain jurisdictions.