Receipts for Poway’s October through December sales were 5.2% above the same quarter a year ago.

Solid gains in the electrical equipment and heavy industrial classifications generated most of the increase in the business and industry segment. New business openings and increasing sales benefited the building and construction and food and drug comparisons. Though up, autos and transportation and restaurant results lagged countywide and state trends. Business closeouts held back gains for both.

A retroactive payment adjustment that boosted year-ago totals and late or incorrect taxpayer filings exaggerated the general consumer goods decrease. Lower fuel prices pared fuel and service station totals.

Adjusted for aberrations, taxable sales for all of San Diego County grew 4.2% over the comparable time period, while the Southern California region was up 4.3%.
**Holiday Quarter Up**

Adjusted for accounting aberrations, California’s local sales and use tax revenues for the fourth quarter (October – December) of 2014 were 3.6% higher than last year’s holiday quarter.

The gain was primarily due to continued strong demand for new cars and trucks, increased restaurant patronage and a rise in the countywide “use tax” allocation pools resulting from a shift to online shopping where much of the merchandise is shipped from out of state. General consumer goods sales allocated via the pools rose 22% during this holiday quarter versus an increase in tax receipts from brick and mortar stores of only 2.8%.

Robust sales for building and construction materials added to the overall increase which was largely offset by significant declines in revenues from petroleum related industries and service stations.

**Gasoline Supply and Demand**

Statewide, fourth quarter’s tax receipts from fuel and service stations dropped 10.4% from the previous year. Prices rebounded in the first quarter of 2015 due to refinery shutdowns and labor strife but remained well below the prior year due to a worldwide supply glut and weak demand.

Spending cuts by oil producers and a sharp decline in the number of rigs drilling for crude in the U.S. could reduce output and place upward pressure on prices in the second half of 2015. However, improved fuel efficiency and demographic changes continue to reduce demand for gasoline, with consumption at the lowest it has been in 30 years.

From 2008 through 2014 Californians purchased just over 10 million new vehicles, with mileage ratings almost 22% higher than those they replaced. Also, usage has further declined as baby boomers age into retirement and millennials increasingly favor public transportation and car services that make owning a vehicle less necessary.

**Triple Flip Unwind**

In March 2004, California voters approved Proposition 57, the California Economic Recovery Bond Act that authorized the issuance of $15 billion in “Economic Recovery Bonds” to close the state’s operating budget deficit.

The Bradley-Burns local sales tax rate was decreased from 1 percent to 0.75 percent and the diverted 0.25 percent rate was pledged to repay the bonds. The state then directed that counties reimburse local governments for the 0.25 percent loss with property tax from the Educational Revenue Augmentation Fund (ERAF) set up for schools and then reimburse schools for the ERAF loss from the State General Fund. The funding scheme became known as the “Triple Flip.”

The governor’s FY 2014-15 state budget currently provides for retiring the bonds as early as July 2015. If carried out as planned, local agencies would receive their final “true-ups” of triple flip reimbursements in the first half of 2016 and the full one cent Bradley-Burns tax reinstated in their second quarter 2016 receipts.