Wasco Receives from October through December were 3.6% below the fourth sales period in 2016. Excluding reporting aberrations, actual sales were down 1.8%.

The business and industry group experienced a sluggish winter sales quarter. Consumer interest in dining out waned slightly, with lower receipts reported by both casual dining quick-service restaurants.

Double payments in the year-ago period were responsible for the drop in convenience stores, while contractors reported lower winter sales.

General consumer goods experienced a bump in sales for the holiday quarter. A new business pushed totals higher for grocery stores. Steady increases from fuel and service stations are due to global crude oil prices and the implementation of the SB-1 gas tax.

The City’s share of the countywide use tax pool decreased 11.0% when compared to the same period in the prior year.

Measure X, the voter-approved transaction tax, generated an additional $494,980 for the quarter.

Net of aberrations, taxable sales for all of Kern County grew 8.0% over the comparable time period; the San Joaquin Valley was up 7.2%.

### Top 25 Producers
**In Alphabetic Order**

- 99 Cents Only
- AutoZone
- Builders Concrete
- Chevron
- Circle K
- Denny’s
- El Pueblo Market
- Fastrip
- Fiesta Supermarket
- Jack in the Box
- Jeffries Bros
- Key Auto Sales
- Little Caesars
- McDonalds
- O’Reilly Auto Parts
- Pizza Hut
- Rite Aid
- Seal Master of California
- Taco Bell
- Walmart Supercenter
- Wasco Chevron
- Wasco Family Auto
- Wasco Market 76
- Wasco Mini Mart
- Wasco True Value

### Revenue Comparison
**Three Quarters – Fiscal Year To Date**

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Point of Sale</td>
<td>$884,849</td>
<td>$956,038</td>
</tr>
<tr>
<td>County Pool</td>
<td>132,434</td>
<td>128,467</td>
</tr>
<tr>
<td>State Pool</td>
<td>515</td>
<td>192</td>
</tr>
<tr>
<td>Gross Receipts</td>
<td>$1,017,798</td>
<td>$1,084,697</td>
</tr>
<tr>
<td>Measure X</td>
<td>$0</td>
<td>$1,368,332</td>
</tr>
</tbody>
</table>

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California Overall
Factored for accounting anomalies, statewide fourth quarter receipts from local government’s one cent sales tax were 4.5% higher than the holiday quarter of 2016.

Rising fuel prices and solid gains from building/construction supplies, restaurants and e-commerce were the primary contributors to the overall increase. A healthy quarter for auto sales and construction equipment were additional factors. Tax revenues from general consumer goods sold through brick and mortar stores rose a modest 1% over last year’s comparable quarter while receipts from online sales increased 13.2%.

Performance for the inland areas of the state were generally stronger than the coastal areas which had earlier recovered from the previous downturn.

Nexus Issue to be Revisited
In 1992, the U.S. Supreme Court ruled in Quill v. North Dakota that businesses lacking a physical presence or “nexus” in a state cannot be required to collect or remit that state’s taxes. This does not excuse buyers from paying a corresponding use tax but the costs of enforcement, particularly on smaller purchases, is difficult and local brick and mortar retailers are placed at a competitive disadvantage.

California has been more effective at collecting use tax than most states with an aggressive program of auditing major business purchases, requiring CPAs to report unpaid use tax on client’s annual returns and requiring businesses with annual gross receipts of $100,000 or more to register for the purposes of reporting use tax.

The State has also increased the number of out-of-state sellers required to collect sales tax through broader definitions of what constitutes physical presence including a requirement that larger internet retailers collect and remit sales tax if paying a commission for customer referrals obtained via a link on a California seller’s website.

Still, the estimated revenue losses are substantial particularly for agencies with voter-approved transactions tax districts. Because of Quill, retailers are not required to collect the tax for purchases in an adjacent jurisdiction if the retailer has no physical presence in that jurisdiction. The resulting loss to local governments projected by the State Board of Equalization in 2016-17 was $756 Million in uncollected tax revenues and losses to the state of $697 Million:(https://www.boe.ca.gov/legdiv/pdf/e-commerce-2017F.pdf).

Congress has refused to act on numerous attempts to seek legislative relief over the last two decades. However, three justices – Clarence Thomas, Neil Gorsuch and Anthony Kennedy have recently expressed doubts about the Quill decision with Kennedy noting in 2015, that the ruling has produced a “startling revenue shortfall” in many states as well as “unfairness to local retailers and customers.”

In January 2018, the U.S. Supreme Court agreed to hear arguments in the case of South Dakota v. Wayfair Inc. where Wayfair is challenging the State’s recently adopted requirement that retailers collect and remit, or pay, sales tax on purchases made by South Dakota residents.

Oral arguments are scheduled for April with a decision expected by the end of June 2018.