



City of Riverside

Estimate for Transactions Tax/District Add-on Sales Tax – 7/5/16

While sales tax is generally allocated to the jurisdiction where the sale is negotiated or the order taken, revenues from an 'add-on' transactions tax are allocated to the place of purchase and/or place of first use. The City of Riverside can expect to receive transactions tax revenue from normal sales tax generating businesses like retail stores and restaurants. Both residents and visitors alike will pay the transactions tax on purchases that they consume or take possession of at the place of business in the City of Riverside. In addition, any purchases shipped or delivered into the City from other places (business, medical and industrial supplies, construction materials, catalog and internet purchases, furniture, appliances, bulk fuel, etc.) will generate additional transaction tax revenue.

However, as the transaction tax relates to registered vehicles, boats and motorcycle purchases the tax will only be paid by City of Riverside residents and businesses regardless of where the purchase is made. Therefore, if a Riverside resident purchases a vehicle from an auto dealer inside or outside the City of Riverside, the auto dealer will collect and remit the transaction tax.

Conversely, if a non-Riverside resident purchases a vehicle from an auto dealer within the City of Riverside, the transaction tax will not be applicable. Given the large number of auto dealers within the city limits, and the probability that many of the purchases are made by non-Riverside residents, the overall transaction tax estimate is considerably lower than the annual Bradley-Burns sales tax revenue amount.

As there is no historical database to track purchases in a specific jurisdiction, the following estimate is based on a review of sales/transactions tax ratios in other agencies levying a transactions tax that have similar economic characteristics to the City of Riverside.

	2017/18 Estimated One Cent (1%) Transactions Tax
Autos/Transportation	\$ 9,648,000
Building & Construction	4,670,000
Business & Industry	6,666,000
Food & Drugs	2,922,000
Fuel/Service Stations	4,321,000
General Consumer Goods	11,923,000
Restaurants/Hotels	6,644,000
County- State Pools	5,127,000
Less: Administrative Fees	(364,000)
Total	\$ 51,557,000