

# Q1 2009



# Temple City Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (Jan-Mar 2009)

## Temple City In Brief

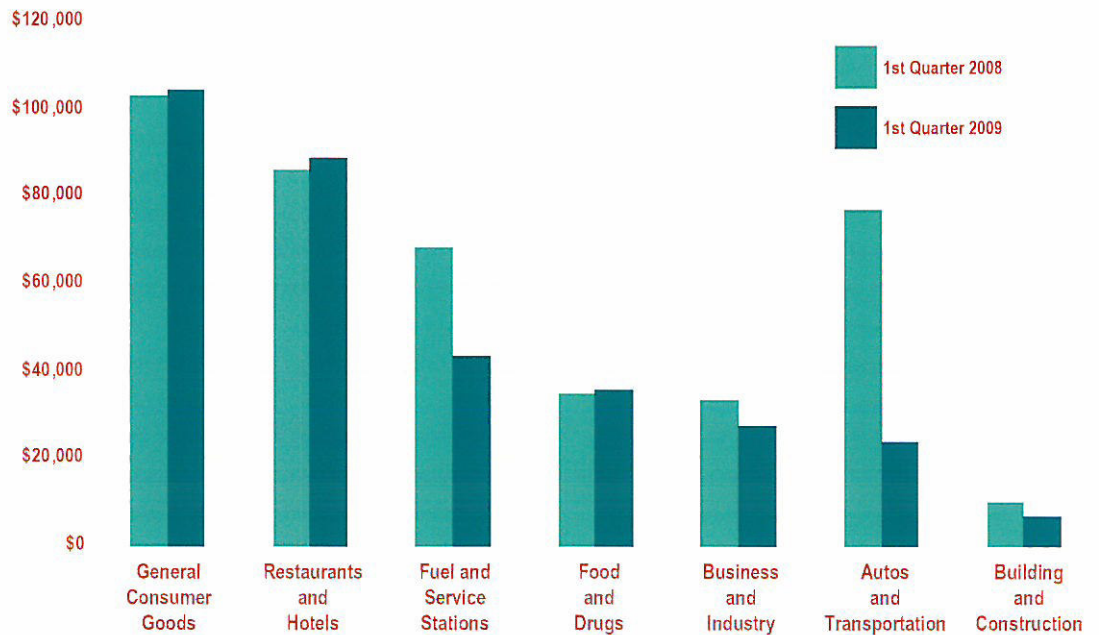
Receipts for Temple City's January through March sales were 18.4% lower than the same quarter one year ago. Actual sales activity was down 9.6% when reporting aberrations were factored out.

A onetime payment that temporarily inflated last year's allocation was partially responsible for the current decrease in a category of the Autos & Transportation sector. Additionally, the city experienced a decline in sales from office supplies/furniture, home furnishings, and restaurants without alcohol. The first quarter drop in fuel prices reduced service station receipts.

The losses were partially offset by a strong sales quarter for family apparel, electronics/appliance stores, and grocery stores with liquor. A recent addition helped boost revenues for restaurants with beer/wine.

Adjusted for aberrations, taxable sales for all of Los Angeles County declined 16.4% over the comparable time period, while the Southern California region as a whole was down 16.8%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

99 Cents Only	Peters Mobile Service
Albertsons	Ralphs
Applebees	Rite Aid
AT&T Mobility	Seafood Village
Chevron	Star Maintenance Supply
CVS Pharmacy	Super Pets
Hat	Temple City Powersports
Hometown Buffet	Temple City Shell
In N Out Burgers	TJ Maxx
K Mart	Valu Mart
McDonalds	Zen Buffet
Modern Lighting	
Office Depot	
Pep Boys	

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2007-08	2008-09
Point-of-Sale	\$1,599,969	\$1,508,395
County Pool	174,821	169,495
State Pool	902	742
<b>Gross Receipts</b>	<b>\$1,775,692</b>	<b>\$1,678,632</b>
Less Triple Flip*	\$(443,923)	\$(419,658)

\*Reimbursed from county compensation fund

## California Overall

Statewide sales tax revenues continued to trend downward for the seventh consecutive quarter with June's allocations for sales occurring in the January through March period 16.5% lower than the same period one year ago.

The contraction was experienced in all regions with previous holdouts such as the Silicon Valley and some pockets of high end tourism now exhibiting the same percentage decreases as the rest of California. The drop in tax receipts resulted as much from significant price reductions as it did from reduced consumer spending and business investment.

Excluding accounting aberrations, the most severe impact was from a 38.3% decline in fuel and service station receipts reflecting the dramatic retreat from last year's record fuel prices and lower consumption.

The allocations from new car sales dropped another 28.3% from the first quarter of 2008 while revenues from traditional department stores, furniture stores and building materials all exhibited reductions of 20% or more. Sales and use tax revenues are projected to continue to decline through the remainder of 2009 although subsequent reductions should become increasingly moderate. The beginning of a recovery for most regions and categories is not anticipated until mid-2010.

## Additional Use Tax Options

The state's budget deliberations include provisions for more aggressive collection of unpaid use tax. Sellers without physical nexus in the state are not required to collect sales tax from their California customers. In these cases the buyer is liable for paying a corresponding "use tax."

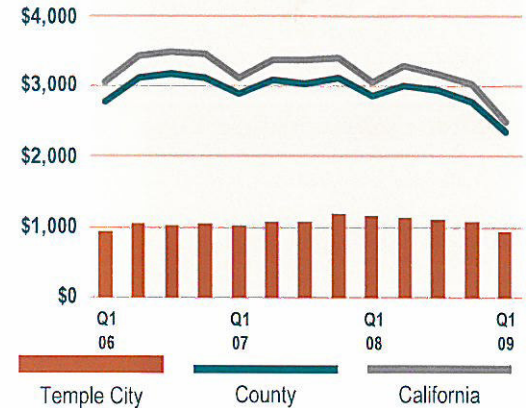
Although the state does an effective job of auditing larger companies, cost and lack of data make monitoring of taxes paid on purchases by individuals and small companies impractical.

Two actions are being considered to partially deal with this problem. The first is to require non-sellers to register with the Board of Equalization and file annual returns on unpaid use tax. As professional tax preparers are obligated to properly report purchases, the state estimates that the proposal would generate an additional \$57 million per year by 2009-2010.

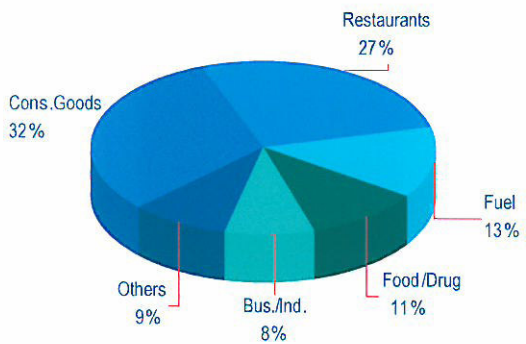
The second action involves a practice enacted by the State of New York that expands the definition of "nexus" to include companies that pay commissions on sales referrals from New York based web sites or affiliates that advertise their products. It is estimated that a similar definition in California could generate up to \$110 million per year. Both actions would also increase city and county collections.

Amazon.com recently lost a court challenge to the New York law and has threatened to drop its affiliates to avoid losing the competitive advantage of not having to collect and pay sales tax. California's governor has also indicated his opposition.

## SALES PER CAPITA



## REVENUE BY BUSINESS GROUP Temple City This Quarter



## TEMPLE CITY TOP 15 BUSINESS TYPES

Business Type	Temple City		County	HdL State
	Q1 '09	Change	Change	Change
Restaurants No Alcohol	\$60,601	-5.2%	-4.1%	-2.7%
Service Stations	43,685	-36.0%	-35.4%	-35.3%
Family Apparel	26,444	15.5%	-9.3%	-7.6%
Discount Dept Stores	— CONFIDENTIAL —		-2.0%	-3.2%
Grocery Stores Liquor	18,650	5.7%	0.1%	-1.8%
Specialty Stores	17,768	7.4%	-10.2%	-7.9%
Restaurants Beer And Wine	16,426	41.3%	-9.5%	-9.9%
Office Supplies/Furniture	12,658	-15.9%	-23.5%	-20.5%
Restaurants Liquor	11,792	10.7%	-5.4%	-2.2%
Automotive Supply Stores	10,474	12.6%	-6.9%	-6.4%
Drug Stores	10,469	-0.8%	-2.1%	-4.5%
Electronics/Appliance Stores	7,366	15.7%	-5.1%	-6.6%
Boats/Motorcycles	— CONFIDENTIAL —		-27.7%	-29.0%
Auto Repair Shops	6,449	-1.1%	-8.0%	-10.4%
Home Furnishings	6,056	-18.1%	-21.9%	-21.1%
<b>Total All Accounts</b>	<b>\$330,951</b>	<b>-19.8%</b>	<b>-17.2%</b>	<b>-17.6%</b>
<b>County &amp; State Pool Allocation</b>	<b>40,314</b>	<b>-5.1%</b>		
<b>Gross Receipts</b>	<b>\$371,265</b>	<b>-18.4%</b>		