

# Q3 2010



# Temple City Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2010)

## Temple City In Brief

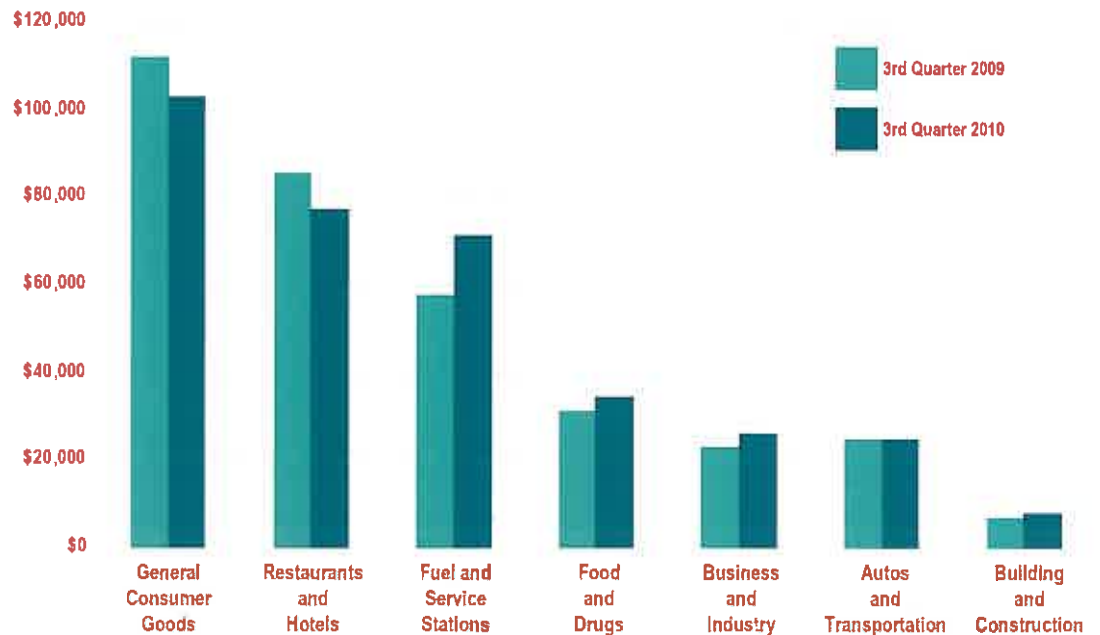
Receipts for Temple City's third quarter sales were 2.1% higher than the same quarter one year ago. Actual sales activity was up 3.1% when reporting aberrations were factored out.

The recent addition of a gas station and higher fuel prices inflated the allocation from service stations. A new grocery store helped boost revenues in the food & drug category. The city's allocation from the countywide use tax pool increased overall results.

The gains were partially offset by a decline in receipts from general consumer goods and restaurants.

Adjusted for aberrations, receipts for all of Los Angeles County increased 3.7% over the comparable time period while Southern California as a whole was up 4.0%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

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

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$686,744	\$720,241
County Pool	75,191	82,132
State Pool	680	508
<b>Gross Receipts</b>	<b>\$762,615</b>	<b>\$802,881</b>
Less Triple Flip*	\$(190,654)	\$(200,720)

\*Reimbursed from county compensation fund

### Statewide Overview

California's allocation of local Bradley-Burns revenues for sales occurring July through September were 4.7% higher than the third quarter of 2009 after accounting anomalies were factored out. Higher fuel prices and usage, business investment in new equipment and technology, and solid gains in some categories of consumer goods and restaurants all contributed to the increase. Receipts from food, drugs, and construction materials were slightly lower than last year's comparison quarter as was the allocation from autos which spiked during the "cash for clunkers" program of a year ago.

The Silicon Valley continues to lead the recovery with gains 2½ times higher than for California as a whole. Coastal region sales are generally outperforming the inland areas.

### The Sales Tax Picture at Mid-Year

The first two quarters of 2010-11 produced statewide receipts that are 4.2% higher than the first two quarters of 2009-10 after accounting aberrations are excluded. However, the year-to-date total is still 17.2% lower than the totals for the first two quarters of pre-recession 2006-07.

Generally, prognostications for the remaining fiscal year are more upbeat than those of a few months ago and the fears of a double-dip recession have diminished. Stocks are at a two year high, preliminary data on fourth quarter business and consumer spending is better than anticipated and the recent tax-cuts and extension of unemployment benefits is hoped to boost the nation's economy by \$850 billion. In California, the growth in sales tax will be geographically uneven and tempered by high unemployment, mortgage foreclosures and fallout from the state's budget deficit.

Various segments of the sales tax base are projected as follows:

**Autos/Transportation-** Industry sales reports were inflated by non-taxable

fleet purchases earlier in the year but pent-up demand and easing credit are now producing solid consumer demand and new optimism. Positive gains are expected over the next few quarters but not at pre-recession growth rates.

**Building/Construction-** Unsold inventories, new tax exemptions for energy projects and modest public spending translate into flat or minimal tax growth for another year or more.

**Business/Industry-** Leaner and flush with cash, businesses are investing heavily in new technology, software and equipment. Sales tax gains will be agency and industry specific and primarily from suppliers of technology and companies serving the health, mining, petroleum and food industries.

**Food/Drugs-** some price increases but competition will keep tax revenues from this segment generally flat.

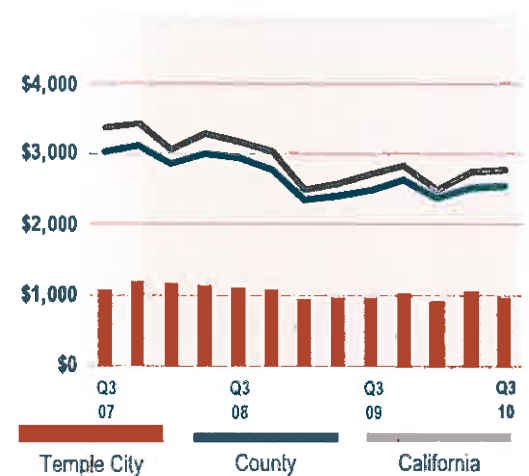
**Fuel/Service Stations -** Speculation on crude oil futures is resulting in price increases that are expected to continue to soar through spring.

**Consumer Goods-** Stock market gains

are reviving luxury buyers while "frugality fatigue" is setting in for the rest of us. Holiday spending was stronger than expected for apparel, sporting goods, small electronics, and home furnishings. Analysts are skeptical about sustainability but generally project statewide growth of 3.0% to 3 ½%.

**Restaurants/Hotels-** Tourism and business travel is on the increase but price competition is expected to keep gains in sales tax revenue relatively modest.

### SALES PER CAPITA



### TEMPLE CITY TOP 15 BUSINESS TYPES

Business Type	Temple City		County	HdL State
	Q3 '10	Change	Change	Change
Service Stations	\$71,440	23.4%	10.2%	12.2%
Restaurants No Alcohol	59,477	-4.8%	8.0%	5.1%
Discount Dept Stores	— CONFIDENTIAL —	—	3.9%	5.6%
Family Apparel	24,524	5.2%	8.9%	7.8%
Grocery Stores Liquor	18,276	23.0%	6.1%	1.2%
Specialty Stores	16,746	-22.7%	-4.0%	-2.5%
Office Supplies/Furniture	13,113	8.7%	13.7%	8.9%
Restaurants Beer And Wine	10,810	-4.3%	1.4%	-0.7%
Automotive Supply Stores	9,878	-11.6%	6.2%	3.7%
Drug Stores	9,427	-8.7%	-2.3%	-1.7%
Electronics/Appliance Stores	8,283	-18.3%	12.9%	18.7%
Boats/Motorcycles	— CONFIDENTIAL —	—	-17.9%	-13.7%
Restaurants Liquor	7,348	-38.0%	4.3%	5.2%
Auto Repair Shops	6,071	4.7%	10.6%	3.4%
Plumbing/Electrical Supplies	4,849	69.1%	2.2%	12.6%
<b>Total All Accounts</b>	<b>\$345,519</b>	<b>1.2%</b>	<b>2.5%</b>	<b>2.7%</b>
County & State Pool Allocation	40,634	10.3%		
Gross Receipts	\$386,153	2.1%		