

# Q1 2008



## City of Rocklin Sales Tax *Update*

*Second Quarter Receipts for First Quarter Sales (Jan-Mar 2008)*

### Rocklin In Brief

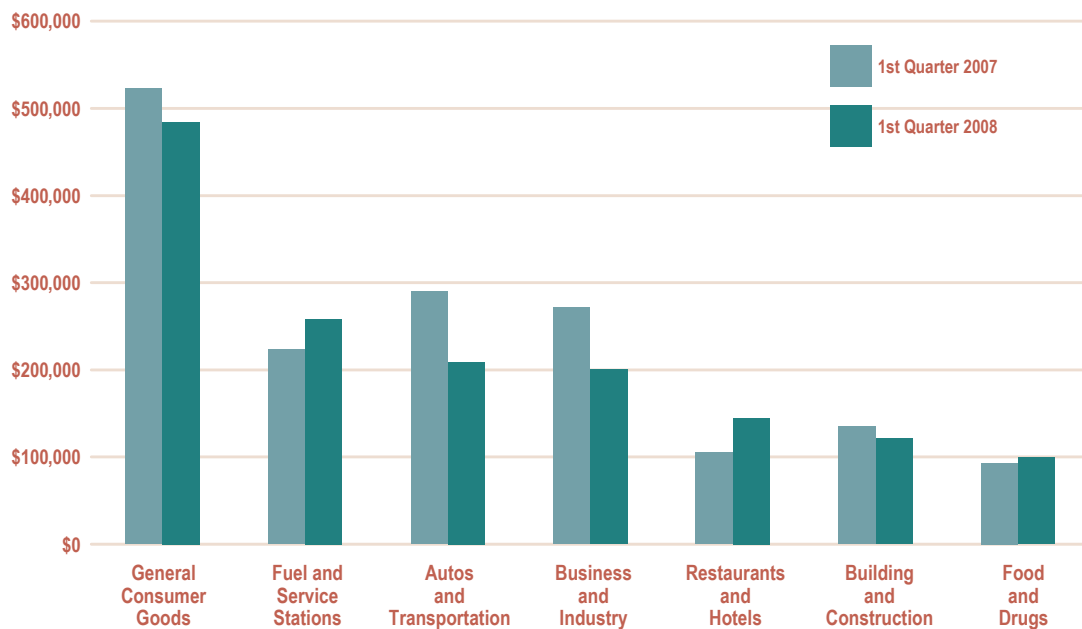
The allocation from Rocklin's January through March sales tax was 11.5% less than the same quarter one year ago.

Decreased sales from specialty stores, grocery stores with liquor, sporting goods/bike stores and some categories of Autos & Transportation were partially responsible for the decrease. Recent closeouts reduced revenues from contractors and light industrial/printers.

The losses were offset by higher fuel prices plus increased sales from home furnishings and heavy industrial. A recent addition helped boost revenues from business services. Comparisons of restaurants with no alcohol, trailers/RVs and restaurants with liquor were temporarily inflated by onetime accounting adjustments.

Adjusted for reporting aberrations, taxable sales for all of Placer County decreased 8.1% over the comparable time period while the Sacramento Region as a whole down 7.6%.

### SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Mervyns
Arco AM PM Mini Mart	Oracle
Arco AM PM Mini Mart	Pottery World
Chevron	R C Willey Home Furnishings
Dan Gamel RV	Ray A Morgan Company
Dawson Oil	Safeway
Dawson Oil	Safeway Gasoline Sales
Direct Buy	Sportmans Warehouse
Granite Motorsports	Sunset Park AM PM
K Mart	Tasq Technology
Land Rover Rocklin	Tri Pacific Supply
Niello Porsche	West Oaks Chevron
Longs	
Meeks Building Center	

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2006-07	2007-08
Point-of-Sale	\$7,076,624	\$6,951,220
County Pool	793,600	759,563
State Pool	9,583	3,457
Gross Receipts	\$7,879,807	\$7,714,240
Less Triple Flip*	\$(1,969,952)	\$(1,928,560)

\*Reimbursed from county compensation fund

**CALIFORNIA OVERALL**

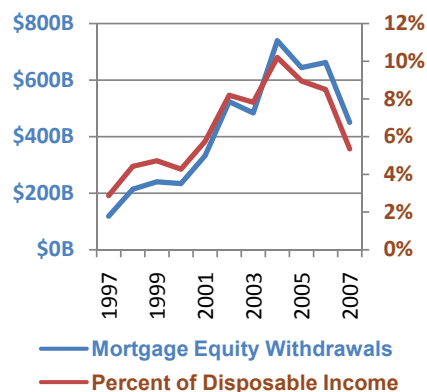
Statewide sales tax receipts for January through March sales dropped 4.5% from the same quarter of 2007 when reporting aberrations were factored out. The decline continued to be led by new car sales which were down 18.6%. Building-related materials posted a decrease of 14.3% while general consumer goods dropped 5.4%.

Previous predictions that this quarter would be at the bottom after the spending bubble burst are beginning to fade. Auto dealers report continuing slides and the International Council of Shopping Centers predicts 2008's store closings to be the most since 2001. The UCLA Anderson Forecast is that the economy will be sluggish for at least another 18 months.

**SALES TAX AND THE HOUSING BUBBLE**

A new Harvard University study provides some insight into the impact that the housing slump has on consumer spending. The researchers concluded that the combined effects of fewer home starts and falling prices cut national economic growth by almost 1.5% in 2007.

In addition to the "reverse multiplier" effect that lost wages in the construction industry has had on consumer spending, the decline in home prices has substantially reduced the amount of discretionary spending that occurred from borrowing against the rising market value of homes.



These cash-outs, referred to as "Mortgage Equity Withdrawals" (MEWs), fell from a high of 10% of the country's personal disposable income in

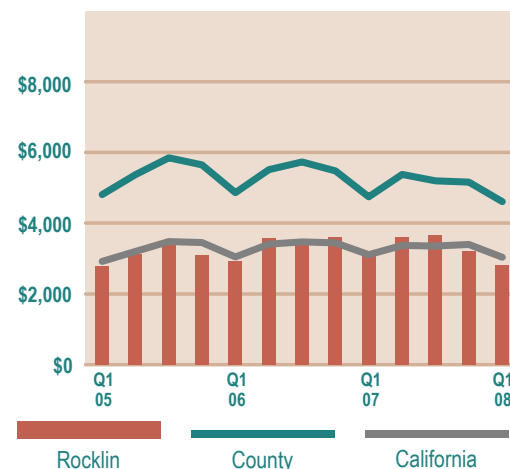
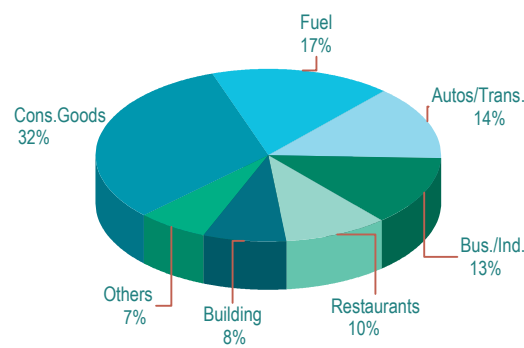
2004 to approximately 2% in the first quarter of this year.

Consumer spending tends to lag changes in income, both up and down. As MEWs fell in the latter half of 2007, consumers used their credit cards to continue spending. Credit card companies, including American Express, now report alarming rises in late payments suggesting that many consumers are about tapped out.

An example of Harvard's conclusion that homeowners' disposable spending is partially related to changes in home values recently came from Home Depot. The company attributes its current decline to the fact that 50-60% of its sales are normally from major improvement projects that customers are deferring as home values slip.

Analysts, including Chapman University's, are predicting that housing prices will continue to drop into 2009. If this is so, it adds another gloomy aspect to the timing for a recovery in sales tax growth.

The full Harvard study can be reviewed at [www.jchs.harvard.edu/](http://www.jchs.harvard.edu/).

**SALES PER CAPITA****REVENUE BY BUSINESS GROUP**  
Rocklin This Quarter**ROCKLIN TOP 15 BUSINESS TYPES**

Business Type	Rocklin		County	HdL State
	Q1 '08*	Change	Change	Change
Home Furnishings	\$263.9	6.6%	-6.6%	-13.3%
Service Stations	182.4	11.6%	20.4%	18.6%
Restaurants No Alcohol	91.8	87.3%	16.7%	2.7%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	18.2%	58.1%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	-18.6%	-17.4%
Contractors	54.3	-23.6%	-7.8%	-18.1%
Heavy Industrial	53.5	42.0%	14.5%	13.0%
Specialty Stores	47.1	-17.0%	-1.1%	-3.1%
Grocery Stores Liquor	45.8	-3.3%	3.4%	0.5%
Sporting Goods/Bike Stores	42.4	-36.3%	-15.1%	0.5%
Trailers/RVs	41.1	4.9%	-19.5%	-34.1%
Boats/Motorcycles	41.0	-54.0%	-21.9%	-22.2%
Business Services	40.1	18.2%	3.1%	-2.4%
Restaurants Liquor	36.9	37.6%	16.6%	7.2%
Light Industrial/Printers	32.0	-28.4%	188.6%	6.6%
<b>Total All Accounts</b>	<b>\$1,517.1</b>	<b>-7.6%</b>	<b>-0.3%</b>	<b>-1.2%</b>
<b>County &amp; State Pool Allocation</b>	<b>109.7</b>	<b>-44.1%</b>		
<b>Gross Receipts</b>	<b>\$1,626.9</b>	<b>-11.5%</b>		

\*In thousands