

Q4 2008



City of Rocklin Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2008)

Rocklin In Brief

Receipts for sales occurring October through December were 15.0% lower than the same period a year ago.

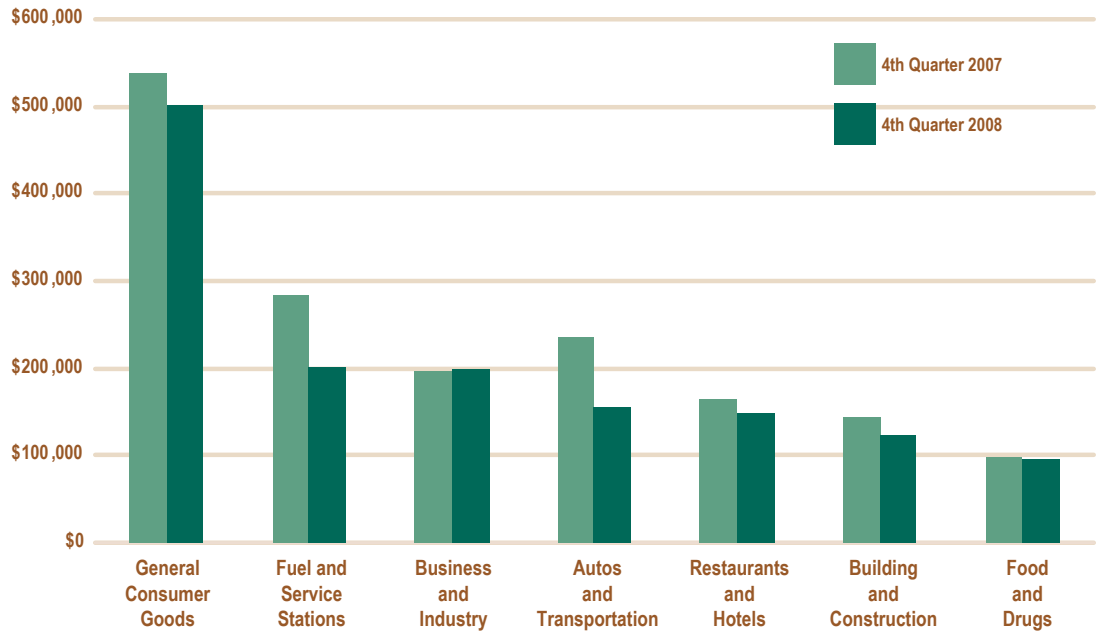
A business closeout added to the overall decline in auto and transportation related sales. Additional store closures contributed to losses in restaurants and consumer goods with the exception of departments stores. A onetime correction overstated the gain in this group.

Lower prices and business activity accounted for the drop in service stations and petroleum products/equipment. The contraction in economic, housing and construction activity negatively impacted the sale of building and construction materials.

An increase in utility-related projects and other onetime events accounted for the gain in business to business results.

Adjusted for reporting aberrations, taxable sales for all of Placer County and its cities dropped 16.6% over the comparable time period while the Sacramento region as a whole was down 11.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Lucilles
American Furniture Gallery	Smokehouse Bar B Que
Arco AM PM Mini Mart	Meeks Building Center
Bel Air Mart	Mervyns
BP West Coast Products	Pottery World
California Hydronics	R C Willey Home Furnishings
Chevron	Safeway
Dawson Oil	Safeway Gasoline Sales
Direct Buy	Sportmans Warehouse
Granite Motorsports	Stein Mart
K Mart	Sunset Park AM PM
Land Rover Rocklin	Tasq Technology
Longs	Tri Pacific Supply

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2007-08	2008-09
Point-of-Sale	\$5,434,079	\$4,645,915
County Pool	651,042	474,804
State Pool	2,252	1,909
Gross Receipts	\$6,087,373	\$5,122,629
Less Triple Flip*	\$(1,521,843)	\$(1,280,657)

*Reimbursed from county compensation fund

Statewide Sales Sink!

Adjusted for accounting aberrations, point of sale receipts from October through December sales were 13.1% lower than the same quarter of 2007. The revenues generated in this holiday quarter were the lowest since 2003.

The declines occurred in all categories of sales except fast food restaurants and grocery stores and were experienced in all counties and regions. Of particular significance were the 23% decline in receipts from petroleum related businesses which resulted from declining prices and consumption, a 37% drop in revenues from new car sales, and a 14.6% decrease in sales tax allocations from building and construction materials.

Tax revenues from general consumer goods were down 10.4% from the 2007 holiday quarter while business to business sales were 9.0% lower.

This was the sixth consecutive quarter of lower statewide allocations. Trade association surveys indicate that January through March sales will be equally dismal. The latest HdL consensus forecast estimates that fiscal 2008/2009 sales and use tax revenues will be 8.8% below the prior year.

Most economists believe that the recession will not bottom out until late 2009 and significant recovery will not occur before 2011/2012.

New Sales Tax Rate

Article 13A of the state constitution authorizes the state legislature to increase taxes other than property by a two thirds vote. This allowed the 2008/2009 state budget compromise which temporarily increases the state portion of the sales and use tax rate by 1.0% from April 1, 2009 to July 1, 2011. The increase will be extended for one additional year if voters approve Proposition 1A, the state spending cap measure on the May ballot.

This brings California's top combined sales, transactions and use tax rate to

10.25%, except in Los Angeles County, where on July 1, 2009 the maximum possible rate becomes 10.75% as an additional one-half cent tax passed by that county's voters in November takes effect. Only two agencies in California will reach the highest rate.

Economists disagree on how consumers will react to a double digit sales tax. The actual impact may be difficult to distinguish from sales lost due to current economic conditions and record low consumer confidence.

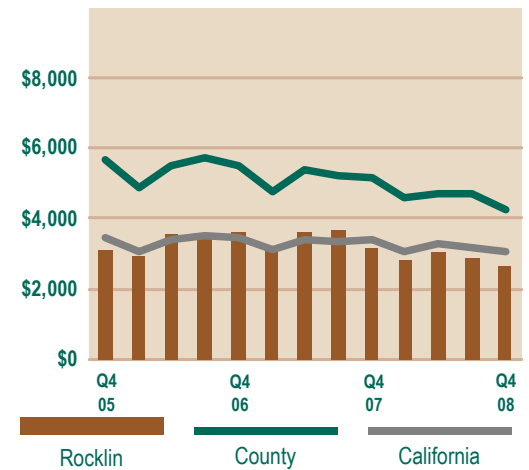
In preparing their revenue projections, the State Department of Finance assumed that the additional one cent tax would result in a one percent loss in future purchases.

Stimulus Package Benefits

The American Recovery and Reinvestment Act of 2009 will send an estimated \$31 billion to the state. Roughly one third will be used to backfill state budget cutbacks in education and other programs, another third for new state spending and the final third for grants made on a competitive basis. Near-

term benefits most likely to boost retail spending include "Making Work Pay" tax credits to boost payroll checks, extending and increasing unemployment insurance payouts, and allowing buyers of new vehicles purchased between February 17th and December 31st to deduct state sales tax from their federal income tax. Analysts warn that for the short term, these benefits will do little more than slow the economy's descent.

SALES PER CAPITA



ROCKLIN TOP 15 BUSINESS TYPES

Business Type	Rocklin		County	HdL State
	Q4 '08*	Change	Change	Change
Home Furnishings	\$215.5	-8.6%	-5.9%	-20.1%
Service Stations	163.6	-23.1%	-20.0%	-23.1%
Restaurants No Alcohol	84.5	1.0%	6.2%	1.3%
Heavy Industrial	84.3	110.0%	35.8%	-1.0%
Sporting Goods/Bike Stores	64.9	-19.9%	-13.0%	-6.5%
Department Stores	63.1	24.5%	-1.7%	-7.6%
Contractors	60.2	-9.1%	0.0%	-15.6%
Grocery Stores Liquor	58.7	-2.9%	-7.9%	0.7%
Specialty Stores	56.5	-18.2%	-11.3%	-7.2%
New Motor Vehicle Dealers	— CONFIDENTIAL —		-38.0%	-36.4%
Petroleum Prod/Equipment	38.5	-46.3%	-40.5%	-1.4%
Restaurants Liquor	36.4	-36.7%	2.7%	-1.0%
Automotive Supply Stores	30.7	4.6%	-5.3%	-3.6%
Lumber/Building Materials	29.2	-20.8%	-24.7%	-12.4%
Repair Shop/Hand Tool Rentals	29.2	26.1%	-24.1%	-6.1%
Total All Accounts	\$1,426.1	-14.1%	-15.4%	-10.3%
County & State Pool Allocation	140.7	-22.8%		
Gross Receipts	\$1,566.8	-15.0%		<i>*In thousands</i>