

Q1 2009



City of Rocklin Sales Tax *Update*

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

Rocklin In Brief

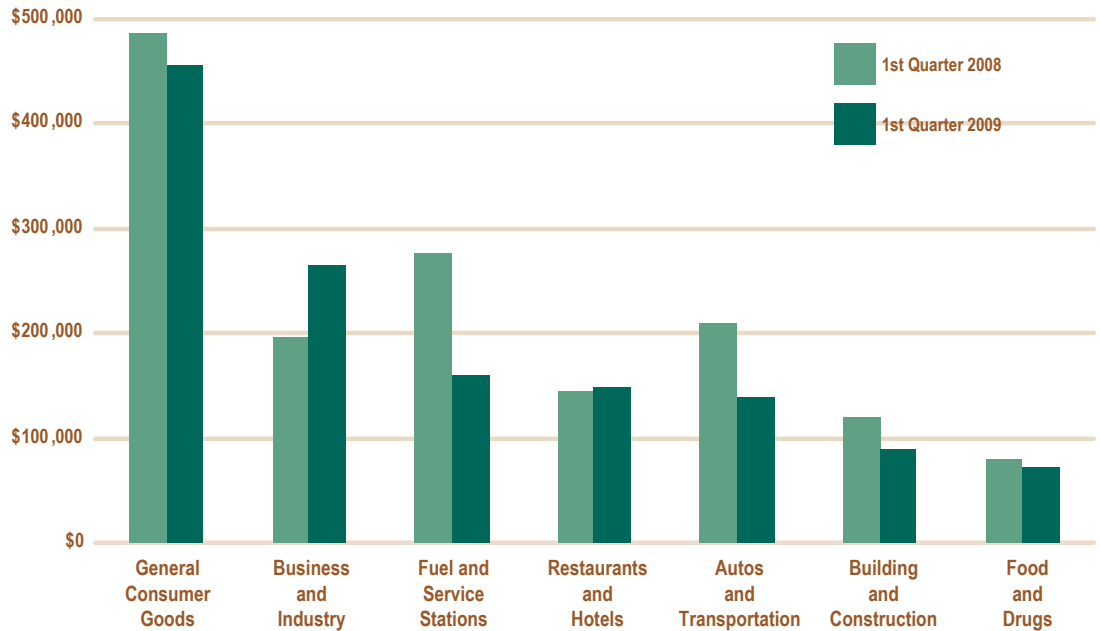
First quarter receipts dropped 8.9% compared to the same period one year ago but payment aberrations skewed the data. With anomalies excluded, actual results were down 12.6%.

Home furnishings, contractors, petroleum products and equipment, service station and business services results declined much as they did statewide. Petroleum and service station trends were due to retreating fuel prices and to a continued drop in consumption. The slowdown in new home construction cut contractor and home furnishings proceeds.

Heavy industrial, office supplies and furniture, electrical equipment and sporting goods/bike store totals were up. Overtime use tax payments boosted office supplies and furniture and electrical equipment comparisons. A late-arriving payment for sales in a prior period temporarily boosted sporting goods results.

After adjusting for payment aberrations, all of Placer County was down 16.6%; statewide sales dropped 16.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

American Furniture Gallery	Niello Porsche Oracle
Chevron	Pottery World
Dawson Oil	Purple Language Services
Direct Buy	RC Willey Home Furnishings
Granite Motorsports	Safeway
IBM US	Safeway Gasoline Sales
Johl Petroleum	Sierra College Book Store
K Mart	Sportmans Warehouse
Land Rover Rocklin	Sunset Park AM PM
Longs	Tasq Technology
Lucilles	Tri Pacific Supply
Smokehouse Bar B Que	
Meeks Building Center	
Mercedes Benz of Rocklin	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2007-08	2008-09
Point-of-Sale	\$6,951,220	\$5,979,809
County Pool	759,563	621,606
State Pool	3,457	2,880
Gross Receipts	\$7,714,240	\$6,604,295
Less Triple Flip*	\$(1,928,560)	\$(1,651,074)

*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 Anticipated

The state's budget package includes 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."

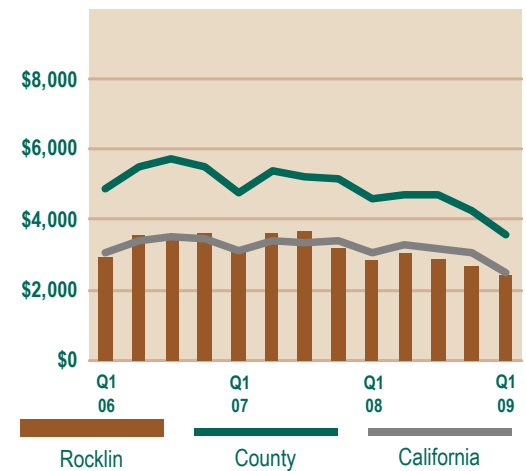
Although the state does an effective job of auditing larger companies, cost and lack of data make monitoring of taxes paid on purchases by individuals and small companies impractical.

The state proposes to partially deal with this problem through two actions. 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.

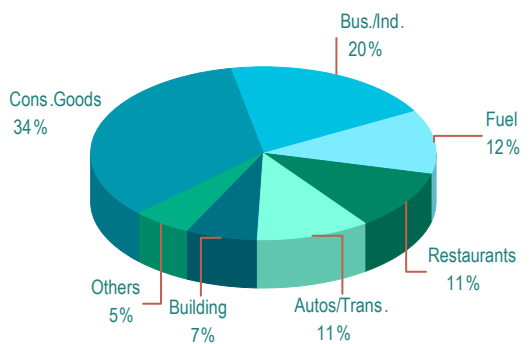
Amazon.com recently lost a court challenge to the New York law and has threatened to drop its affiliates to avoid losing the competitive advantage of not having to collect and pay sales tax.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Rocklin This Quarter



ROCKLIN TOP 15 BUSINESS TYPES

Business Type	Rocklin		County	HdL State
	Q1 '09*	Change	Change	Change
Home Furnishings	\$215.0	-18.5%	-17.4%	-21.2%
Service Stations	128.9	-36.1%	-33.4%	-35.2%
Heavy Industrial	90.8	69.8%	11.1%	-20.3%
Restaurants No Alcohol	83.4	-1.3%	-0.5%	-2.7%
Sporting Goods/Bike Stores	76.5	80.2%	8.7%	-6.6%
Office Supplies/Furniture	51.2	93.6%	12.5%	-20.5%
Specialty Stores	48.9	3.8%	-0.2%	-7.8%
New Motor Vehicle Dealers	— CONFIDENTIAL —		-28.9%	-27.7%
Grocery Stores Liquor	41.0	-10.5%	-10.1%	-1.8%
Contractors	40.3	-25.8%	-46.1%	-23.8%
Restaurants Liquor	38.9	11.5%	5.5%	-2.0%
Business Services	33.5	-16.5%	-90.4%	-22.4%
Petroleum Prod/Equipment	30.9	-59.2%	-56.5%	-51.4%
Electrical Equipment	29.3	58.8%	5.3%	-17.1%
Automotive Supply Stores	26.1	-5.6%	-9.0%	-6.3%
Total All Accounts	\$1,333.9	-12.1%	-20.7%	-17.6%
County & State Pool Allocation	147.8	34.7%		
Gross Receipts	\$1,481.7	-8.9%		<i>*In thousands</i>