

# Q2 2009



# City of Rocklin Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2009)

## Rocklin In Brief

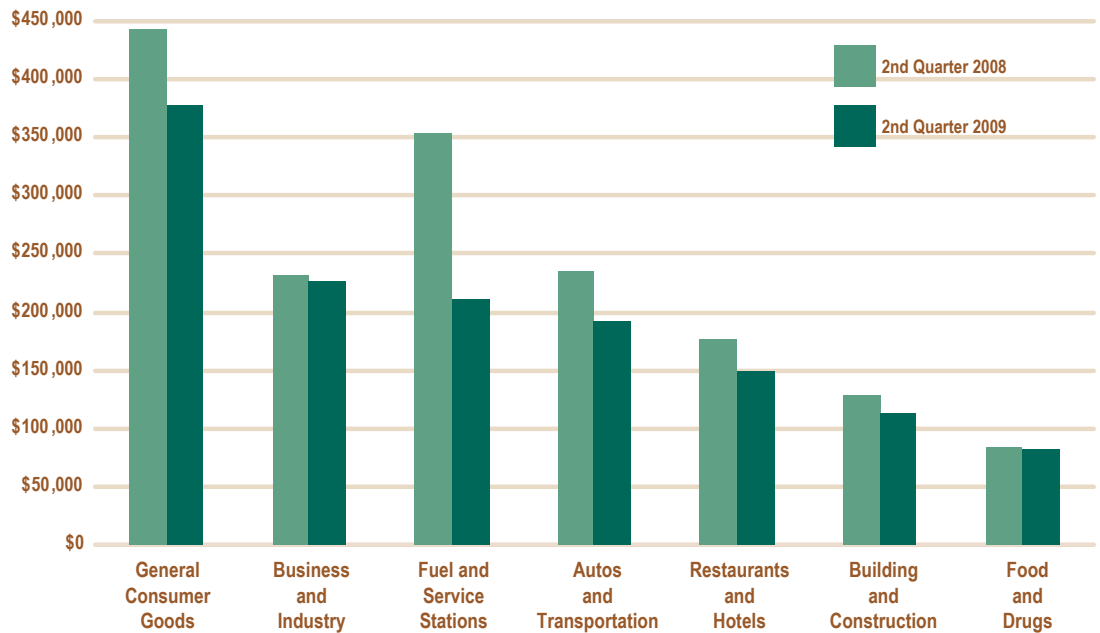
Receipts for Rocklin's April through June sales were 17.5% lower than the same quarter one year ago. Actual sales activity was down 17.0% when reporting aberrations were factored out.

The city experienced a decline in sales from home furnishings and lumber/building materials. A previously misreported allocation that inflated last year's receipts from contractor supplies contributed to the current decrease. Previous business closeouts plus delayed payments that boosted the year ago receipts exaggerated the declines from restaurants with liquor and grocery stores with beer/wine. A one-time accounting adjustment inflated the decline from business services. The drop in fuel prices reduced receipts from service stations and petroleum products/equipment.

The losses were partially offset by a strong sales quarter from new heavy industrial supplies and a category of the Autos & Transportation sector. A recent addition helped boost revenues for plumbing/electrical supplies. A onetime use tax payment lifted receipts for light industrial/printers.

Adjusted for aberrations, taxable sales for all of Placer County declined 17.8% over the comparable time period, while the Sacramento region as a whole was down 19.9%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Meeks Building Center
American Furniture Gallery	Mercedes Benz of Rocklin
Arco AM PM Mini Mart	Niello Porsche
Bel Air Mart	Oracle
Chevron	Pottery World
CVS	RC Willey Home Furnishings
Dawson Oil	Safeway
Direct Buy	Safeway Gasoline Sales
Granite Motorsports	Sportmans Warehouse
Johl Petroleum	Sunset Park AM PM
K Mart	Tasq Technology
Land Rover Rocklin	Tri Pacific Supply
Lucilles	
Smokehouse Bar	
B Que	

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$1,652,804	\$1,354,897
County Pool	156,223	135,854
State Pool	(429)	1,347
<b>Gross Receipts</b>	<b>\$1,808,598</b>	<b>\$1,492,098</b>
<b>Less Triple Flip*</b>	<b>\$(452,149)</b>	<b>\$(373,025)</b>

\*Reimbursed from county compensation fund

**Statewide Trends**

Adjusted for accounting aberrations, the local portion of California's sales and use tax for transactions occurring April through June were 18.4% lower than last year's comparable quarter.

All categories and regions were down with receipts from fuel, automobiles, business supplies, and construction materials exhibiting the largest reductions. This is the eighth consecutive quarter of statewide declines but subsequent reductions should become increasingly moderate as the economy bottoms out and future quarters are compared to previous record lows.

**The Climb Back Up**

Statistically most economists agree that the national recession bottomed out somewhere around the end of July. Minor recovery is expected in the last half of the year as companies restock depleted inventories, federal stimulus programs filter through the system, and investor confidence returns.

However, restoration of California's previous sales tax levels will lag. Unemployment is projected to increase through the first quarter of 2010 and remain weak for several quarters after. Incomes are flat, household wealth has been exhausted, inflation is in decline, and the drops in property values are not over. Lenders are less risk tolerant and previously excessive borrowers have become disciplined savers.

The California Budget Project recently concluded that it took six years for the average household to fully rebound from the jobless recovery following the recession of 2001. New consumer frugality, tight credit, and moderate job growth may result in an equally slow recovery from this recession.

Prognostications for key segments:

**General Consumer Goods** – Sales of personal electronics remain solid but consumers are focusing on price and necessities when it comes to apparel and other merchandise. Weak back-to-school sales and limited credit

for new stock have retailers planning lean inventories for the holiday season which is projected to be flat with only modest gains through 2010.

**Transportation** - Cash-for-clunkers stimulated new car sales but largely borrowed from the next two quarters. Significant recovery is not expected until the 2011 models arrive. RV, boat, and motorcycle sales may languish until the return of full employment.

**Business & Industry** – Sales to health providers and manufacturers of food products, energy, and information technology remain stable. Investment in equipment and supplies as a whole however, generally drops in and out of a recession four to six quarters after consumer goods. Continued declines are expected through 2010.

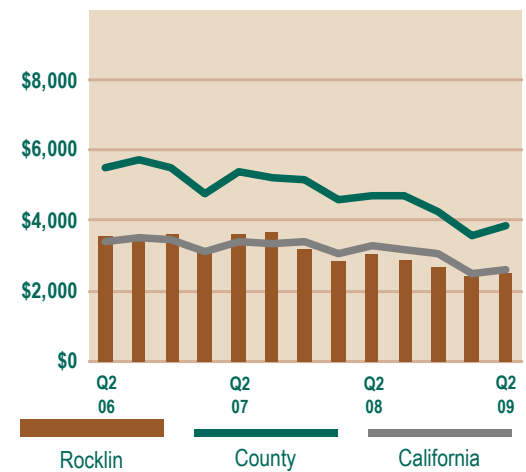
**Building & Construction** - Benefits from the stimulus package will be offset by state cutbacks. Projections are for weak office and commercial construction. Modest recovery in overall spending is not expected until after next summer.

**Fuel & Service Stations**- Lack of competition allows refiners to manip-

ulate costs of the state's environmentally friendly summer blend, but overall receipts are expected to stabilize after next quarter's comparison with the previous year's record price spike.

**Grocers & Restaurants** – Intense price competition has kept receipts from grocers' taxable goods down while higher-end restaurants continue to experience reduced patronage. Revenues are expected to remain flat for the next five to six quarters.

**SALES PER CAPITA**



**ROCKLIN TOP 15 BUSINESS TYPES**

Business Type	Rocklin		County	HdL State
	Q2 '09*	Change	Change	Change
Home Furnishings	\$192.4	-16.8%	-17.2%	-20.5%
Service Stations	169.9	-33.7%	-29.6%	-36.8%
New Motor Vehicle Dealers	— CONFIDENTIAL —		-25.2%	-32.7%
Heavy Industrial	91.1	45.7%	7.4%	-30.6%
Restaurants No Alcohol	74.7	8.4%	10.9%	2.9%
Contractors	53.1	-16.8%	-24.2%	-31.0%
Specialty Stores	52.2	-15.2%	-6.5%	-12.3%
Grocery Stores Liquor	45.8	0.7%	-4.5%	-2.6%
Petroleum Prod/Equipment	41.8	-57.2%	-50.5%	-47.2%
Sporting Goods/Bike Stores	39.2	5.1%	8.9%	-4.6%
Restaurants Liquor	39.2	-35.4%	-0.2%	-5.1%
Business Services	29.3	-52.7%	-54.5%	-32.2%
Restaurants Beer And Wine	28.2	-28.4%	-19.0%	-12.5%
Automotive Supply Stores	27.1	-5.5%	10.3%	-5.6%
Boats/Motorcycles	26.1	-59.2%	-61.2%	-42.2%
<b>Total All Accounts</b>	<b>\$1,354.9</b>	<b>-18.0%</b>	<b>-17.1%</b>	<b>-21.2%</b>
<b>County &amp; State Pool Allocation</b>	<b>137.2</b>	<b>-11.9%</b>		
<b>Gross Receipts</b>	<b>\$1,492.1</b>	<b>-17.5%</b>		<i>*In thousands</i>