

# Q3 2009



# City of Rocklin Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2009)

## Rocklin In Brief

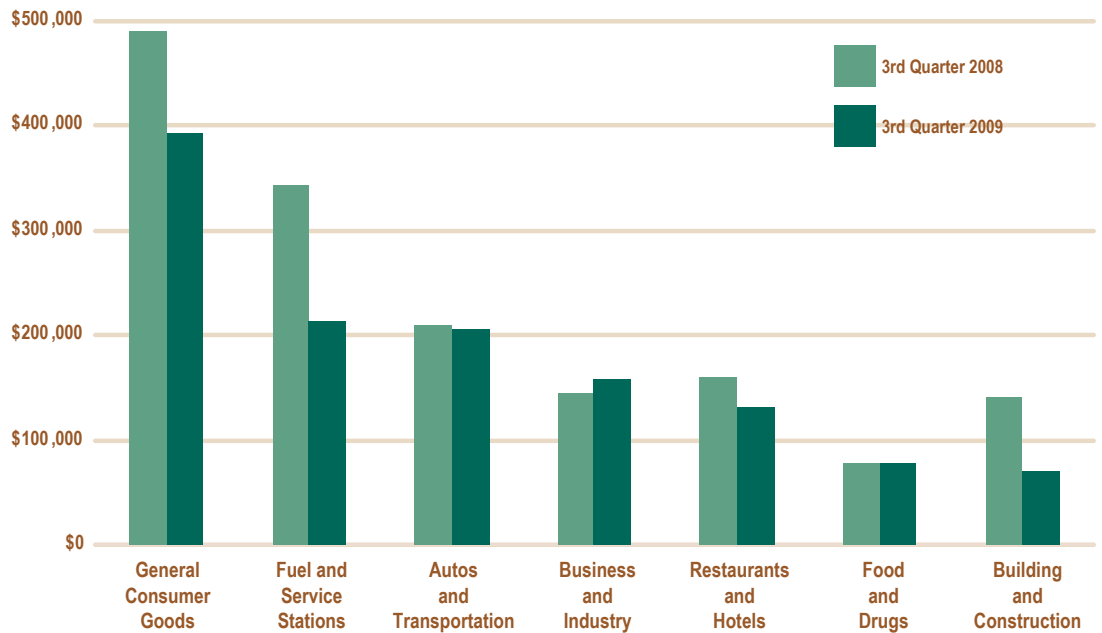
The allocation from Rocklin's July through September sales tax was 19.3% less than the same quarter one year ago.

Lower fuel prices and decreased sales from home furnishings, sporting goods/bike stores, specialty stores, heavy industrial, contractors, grocery stores with liquor and boats/motorcycles were partially responsible for the decrease. Reporting aberrations exaggerated the drop in restaurants with no alcohol, restaurants with beer and wine and restaurants with liquor.

The losses were offset by a recent addition in Autos & Transportation. Reporting aberrations overstated results from electrical equipment. A late payment in the year ago period temporarily inflated receipts from auto supply stores.

Adjusted for reporting aberrations, taxable sales for Placer County decreased 13.0% over the comparable time period while Sacramento Region as a whole was down 16.4%.

## 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
Camping World	Pottery World
Chevron	R C Willey Home Furnishings
Cvs Pharmacy	Safeway
Dawson Oil	Safeway Gasoline
Direct Buy	Sportsmans Warehouse
Granite Motorsports	Sunset Park AM PM
Johl Petroleum	Tasq Technology
K Mart	Tri Pacific Supply
Land Rover Rocklin	West Oaks
Lucilles	Chevron
Smokehouse Bar	
B Que	

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2008-09	2009-10
<b>Point-of-Sale</b>	\$3,219,799	\$2,607,855
<b>County Pool</b>	335,092	292,011
<b>State Pool</b>	911	2,590
<b>Gross Receipts</b>	<b>\$3,555,802</b>	<b>\$2,902,456</b>
<b>Less Triple Flip*</b>	\$(888,951)	\$(725,614)

\*Reimbursed from county compensation fund

**Slower Sales Declines**

With aberrations factored out, state-wide sales tax receipts for July through September declined 16.4% from the same quarter of 2008. It is anticipated that this will be the last quarter of comparative double digit decreases as the recession begins to bottom out.

This quarter's declines were led by a 32.6% fall from last year's spike in fuel prices and another 25.2% drop in tax receipts from building and construction materials.

The 9.9% decline in new car receipts was the smallest decrease in this category in seven consecutive quarters. The "cash for clunkers" program was partially responsible for the lower contraction although the tax benefits were muted as exempt federal rebates reduced the taxable values of cars purchased under the program by an average of \$4,200.

Edmunds.com estimates that 72% of the purchases would have occurred without the rebate which, if true, means that the program accomplished its goal of accelerating the clearing of inventories to get auto workers back to work but partially borrowed from future sales.

A 10.1% drop in tax revenues from general consumer goods was attributed to falling prices and continuing weak sales in home furnishings, appliances and electronics, as well as disappointing back to school purchases which normally constitute the second largest retail season of the year.

**But Slow Recovery**

Prognostications are for overall smaller sales tax declines in the next two quarters with revenues flattening out by fiscal year 2010/2011. However, tight credit, high unemployment, price pressures and the end of federal stimulus funding are expected to stall significant recovery until the year after.

**Triple Flip Woes**

The state's attempts to borrow its way out of its budget problems continued to create havoc with local government fiscal planning with this year's 27.6% average cutback in triple flip backfill payments.

In order to get around the state's flagging bond rating, the borrowing approved by voters in 2004 to close that year's deficit pledged a portion of local sales tax revenues to guarantee the bonds. The complex scheme to backfill the confiscated local sales tax with property tax revenues is referred to as the "triple flip."

Although the deduction occurs in real time, the estimated backfill is set by the state Department of Finance before the fiscal year begins. Last year's overly optimistic revenue projections resulted in overpayments to most local agencies thereby resulting in substantially lower estimates and negative adjustments in this year's backfills to individual agencies.

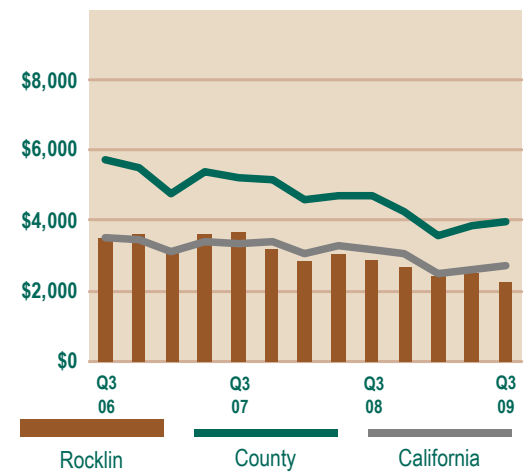
The 2004 bonds are currently estimated to be paid and the triple flip ended by April of 2016.

**Stimulus Update**

Approximately two thirds of the estimated \$85 billion in federal stimulus flowing to California is expected to have been spent by the end of this fiscal year with the bulk filling state budget gaps in education, health and human services, as well as providing tax relief to individuals and businesses.

The \$20.5 billion portion available for public capital improvement projects is half committed with actual expenditures expected to begin later in 2010.

**SALES PER CAPITA**



**ROCKLIN TOP 15 BUSINESS TYPES**

Business Type	Rocklin		County	HdL State
	Q3 '09*	Change	Change	Change
Home Furnishings	\$204.6	-17.4%	-21.1%	-17.9%
Service Stations	177.2	-29.6%	-30.7%	-28.7%
New Motor Vehicle Dealers	— CONFIDENTIAL —		-3.5%	-9.8%
Restaurants No Alcohol	65.4	-18.8%	-9.2%	-10.1%
Sporting Goods/Bike Stores	51.5	-19.7%	-3.9%	-5.4%
Specialty Stores	50.8	-21.2%	-10.2%	-10.1%
Heavy Industrial	50.2	-31.6%	-38.6%	-32.0%
Contractors	49.6	-31.0%	-12.6%	-30.0%
Grocery Stores Liquor	42.0	-2.3%	-4.1%	-1.4%
Petroleum Prod/Equipment	36.4	-60.3%	-50.7%	-39.3%
Restaurants Liquor	32.1	-4.0%	-5.0%	-4.0%
Restaurants Beer And Wine	30.5	-14.9%	-10.5%	-14.4%
Automotive Supply Stores	28.5	6.9%	2.8%	-3.6%
Electrical Equipment	26.1	97.3%	-18.4%	-13.1%
Boats/Motorcycles	23.2	-45.5%	-50.8%	-31.1%
<b>Total All Accounts</b>	<b>\$1,253.0</b>	<b>-20.0%</b>	<b>-14.0%</b>	<b>-13.9%</b>
<b>County &amp; State Pool Allocation</b>	<b>157.4</b>	<b>-12.7%</b>		
<b>Gross Receipts</b>	<b>\$1,410.4</b>	<b>-19.3%</b>		<i>*In thousands</i>