

Q2 2011



City of Rocklin Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2011)

Rocklin In Brief

Receipts for Rocklin's April through June sales were 20.8% higher than the same quarter one year ago. Actual sales activity was up 22.7% when reporting aberrations were factored out.

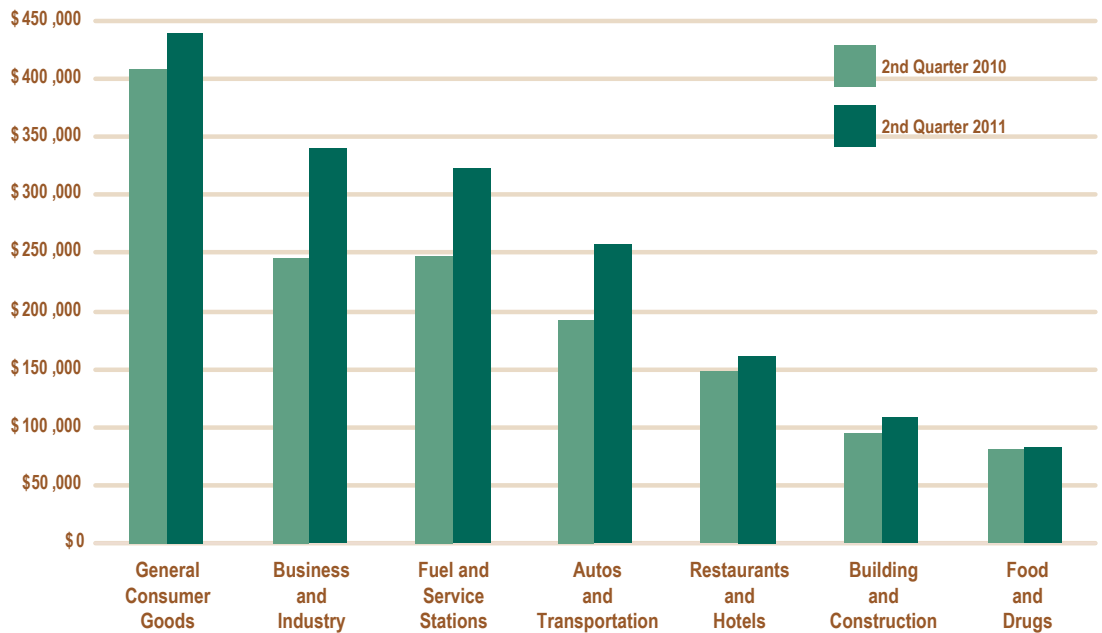
Sales activity increased in most general retail sectors including sporting goods, specialty stores and home furnishings while higher prices boosted returns in fuel and service stations. A new business in used autos contributed to already robust receipts in auto-related sectors.

An allocation error was a large part of the rise in business and industry. Onetime use tax allocations for technology, communications equipment, office equipment and supplies added to the gain.

A new eatery added to positive results in restaurants and hotels. Heavy construction and plumbing supplies were greater than a year ago.

Adjusted for aberrations, taxable sales for all of Placer County increased 11.5% over the comparable time period, while the Sacramento region as a whole was up 8.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Oracle America
Arco AM PM Mini Mart	R C Willey Home Furnishings
Chevron	Rocklin Gas
Dawson Oil	Safeway
Direct Buy	Safeway Gasoline Sales
Harbor Freight Tools	Sportsmans Warehouse
IBM US	Sunset Park AM PM
Johl Petroleum	Tasq Technology
K Mart	TDs Guns
Land Rover Rocklin	Tri Pacific Supply
Lucilles	Whybuynewautos.Com
Meeks Building Center	
Mercedes Benz of Rocklin	
Niello Porsche	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$1,416,774	\$1,711,708
County Pool	137,474	167,118
State Pool	749	(997)
Gross Receipts	\$1,554,997	\$1,877,829
Less Triple Flip*	\$(388,749)	\$(469,457)

*Reimbursed from county compensation fund

Statewide Results

California's local sales and use tax revenues for sales occurring April through June 2011 were 9.4% higher than the same quarter of 2010 after payment aberrations were removed. This marks the sixth consecutive quarter of growth since the recovery began.

Higher fuel prices accounted for much of the statewide increase. Easing consumer credit, sales incentives and pent up demand led to gains in new auto sales while consumers also showed signs of spending more freely in specialty stores, home furnishings, apparel categories, jewelry and restaurants.

Electronics sales in the Bay Area sharply outpaced statewide results and highlighted the continued strength of tech-oriented business in that region. Stimulus funded infrastructure projects produced temporary gains in sales tax on concrete, asphalt and aggregates but are expected to wane later in the year as funding is depleted.

Increased airport traffic and auto rentals suggest that travel and leisure sales are in a recovery mode.

Fuel Prices Boosting Receipts

Second quarter fuel sales represented 38% of the total statewide sales tax increase. California consumers paid an average of \$3.94 per gallon the week of September 12th, 94 cents higher than the same period of 2010, but below the all-time high of \$4.59 in 2008. Crude oil prices, which account for about 85% of gasoline price variability, were \$90.21 a barrel in September 2011 versus \$141.06 in the summer of 2008.

Although future gas prices are expected to decline from this year's highs, increased exports of U.S. refinery output to other countries are expected to keep prices here at elevated levels.

Growth in the Hourglass Economy

The good news is that the economy is in recovery, the bad news is this may be as good as it gets according to a recent International Monetary Fund report

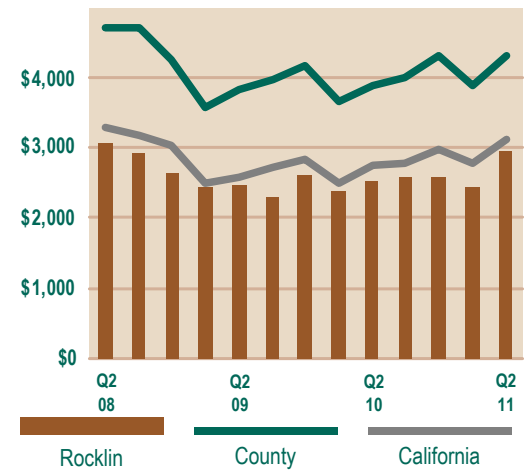
which highlights problems caused by a shift to an hourglass economy.

This type of economy is characterized by a large and expanding group at the top with high skills and high incomes offset by an expanding group at the bottom with low skills and low pay. The middle levels traditionally composed of skilled or semi-manual workers in good paying jobs continue to decline, giving the occupational income profile of the economy its distinctive shape. The 2010 Census revealed that most Americans' inflation-adjusted incomes were either stagnate or in decline with the proportion of people living in poverty now at 15.3% while 24% of the nation's wealth is concentrated in the top 1/10th of one percent.

Consumer spending has historically accounted for 70% of economic output and with the wealthiest 5% of Americans now accounting for 37% of all consumer spending, retailers are bifurcating their marketing strategies into sales of high end and low end goods while reducing offerings for the disappearing middle class. Economists say

the dependency on just a small portion of the population for increased spending limits future growth potential and fosters more boom and bust cycles. This is because the wealthy splurge and speculate when their savings are doing well and quickly cut back when the value of their assets tumble. Analysts further argue that this lack of growth potential is why major corporations are sitting on record profits and not investing in more employees.

SALES PER CAPITA



ROCKLIN TOP 15 BUSINESS TYPES

Business Type	Rocklin		County	HdL State
	Q2 '11*	Change	Change	Change
Automotive Supply Stores	35.1	29.4%	3.9%	6.5%
Contractors	44.4	22.6%	20.1%	7.6%
Electrical Equipment	31.8	49.5%	-4.1%	13.1%
Grocery Stores Liquor	42.1	-2.2%	0.2%	1.5%
Heavy Industrial	69.0	26.1%	20.2%	11.7%
Home Furnishings	204.5	6.5%	4.2%	3.6%
New Motor Vehicle Dealers	— CONFIDENTIAL —		14.0%	9.8%
Office Supplies/Furniture	122.9	439.4%	128.6%	43.0%
Petroleum Prod/Equipment	56.6	36.3%	71.5%	43.1%
Restaurants Beer And Wine	37.8	4.7%	-1.9%	-1.2%
Restaurants Liquor	42.2	26.0%	3.0%	8.6%
Restaurants No Alcohol	74.4	0.6%	4.7%	3.5%
Service Stations	266.3	30.1%	32.8%	31.0%
Specialty Stores	50.9	5.3%	1.9%	5.4%
Sporting Goods/Bike Stores	76.7	31.8%	8.5%	6.1%
Total All Accounts	\$1,711.7	20.8%	12.5%	10.1%
County & State Pool Allocation	166.1	20.2%		
Gross Receipts	\$1,877.8	20.8%		<i>*In thousands</i>