

# Q3 2011



# City of Rocklin Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2011)

## Rocklin In Brief

Receipts for Rocklin's July through September sales were 8.5% higher than the same quarter one year ago.

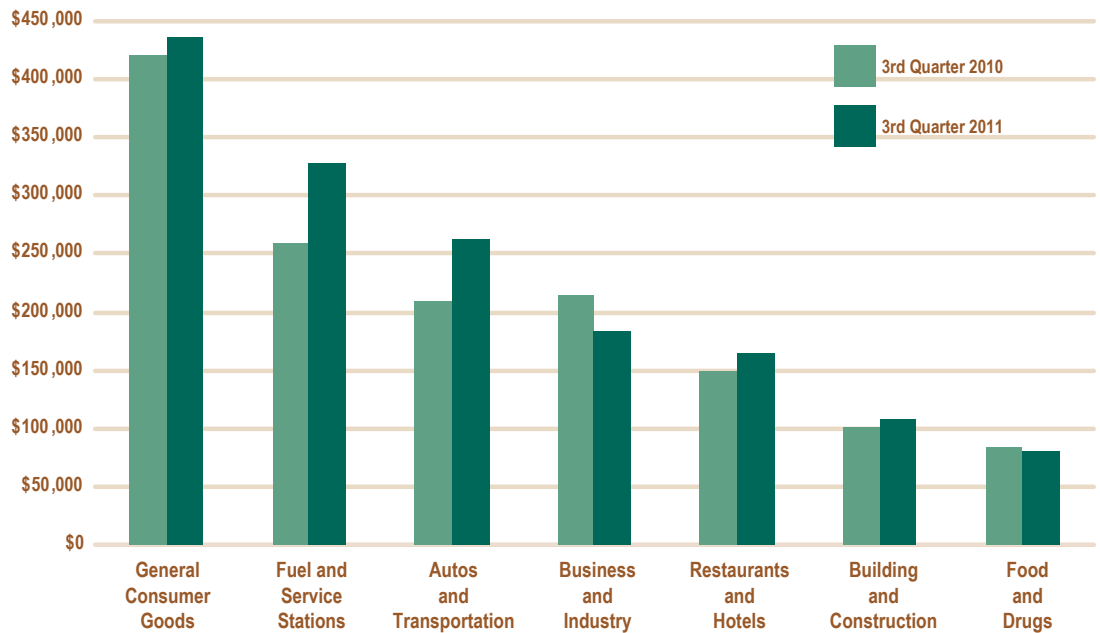
Higher fuel prices boosted receipts from service stations and companies selling petroleum products and equipment. The city experienced a strong sales quarter for autos and transportation with recent additions contributing to the gain. Sales activity increased for home furnishings, sporting goods and contractors.

The city's allocation from the county use tax pool increased overall results.

The city experienced a decline in sales from some categories of business and industry.

Adjusted for aberrations, taxable sales for all of Placer County increased 9.3% over the comparable time period, while the Sacramento region as a whole was up 7.5%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Mercedes Benz of Rocklin
Allied Network Solutions	Niello Porsche
Arco AM PM Mini Mart	Quik Stop Markets
Chevron	R C Willey Home Furnishings
Circle K	Rocklin Gas
Dawson Oil	Safeway
Direct Buy	Safeway
Johl Petroleum	Sierra College Bookstore
K Mart	Sportsmans Warehouse
Land Rover Rocklin	Sunset Park AM PM
Lucilles	Tasq Technology
Smokehouse Bar	Tri Pacific Supply
B Que	Whybuynewautos
Meeks Building Center	Com

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$2,857,218	\$3,274,735
County Pool	290,836	333,249
State Pool	2,018	291
<b>Gross Receipts</b>	<b>\$3,150,072</b>	<b>\$3,608,275</b>
<b>Less Triple Flip*</b>	<b>\$(787,518)</b>	<b>\$(902,069)</b>

\*Reimbursed from county compensation fund

**California Overall**

Adjusted for accounting aberrations, statewide local sales and use tax revenues for July through September transactions increased 8.6% over last year's comparison quarter. This is the seventh consecutive quarterly gain since the beginning of the recovery.

All categories were up with receipts from higher fuel prices accounting for much of the statewide increase. Sales of new autos, consumer goods and quick and full service restaurants also exhibited solid growth.

**The Foggy Crystal Ball**

Although 2011-12 is shaping up to be a period of strong sales tax recovery, most analysts believe that the pace of growth will slow in 2012-13 with the only disagreement being over the degree of slowdown.

Additional state budget cuts, continued high unemployment, further declines in home values and unstable fuel prices are part of the uncertainty. The financial turmoil in Europe is also of concern.

Manufacturers, growers, distributors, transporters and other companies involved in export trade make up 25% of the state's gross product. The European crisis has the potential of slowing the demand for both U.S. and Asian goods which would also pare the growth of California's Asian markets. Comparative strengthening of the U.S. dollar would also make exports more expensive.

Analysts worry about the resulting impact on Silicon Valley's technology industries, the Central Valley's agricultural exports and Southern California's transportation sector.

**Sales Tax and the Internet**

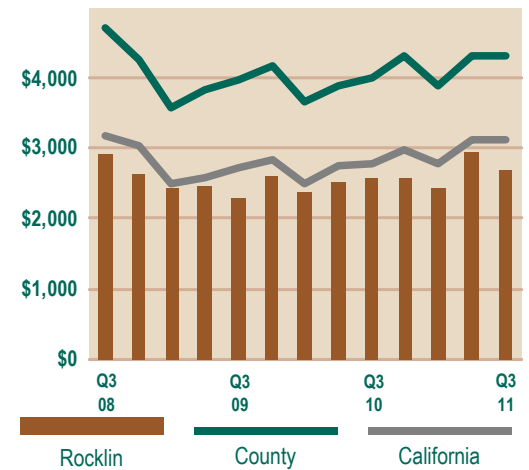
In 1992, the Supreme Court ruled that interstate commerce rules preclude states from requiring sellers without an in-state physical presence to collect local taxes. Since that time, attempts to interest Congress in correcting the problem have been unsuccessful.

With internet sellers becoming a major retail competitive force and more states adopting legislation expanding the definition of what constitutes "physical presence," the need for fairness and uniformity is softening opposition. This year, three competing bills were introduced in Congress that would allow the collection of local taxes. These are: S.1452, H.R. 3179 and S. 1832.

Given the general discord and paralysis in Congress, there is some question of whether any of these will pass. However, a compromise agreement between the State of California and Amazon has resulted

in legislation (AB 155) that requires in-state affiliates of remote sellers to begin collecting and remitting sales and use tax by September 15, 2012. Estimates on the amount of new revenues that will be generated have been difficult to develop but local agencies should not expect gains of more than \$1 per capita. More on the congressional legislation can be found in HdL's December issues paper.

**SALES PER CAPITA**



**ROCKLIN TOP 15 BUSINESS TYPES**

Business Type	Rocklin		County	HdL State
	Q3 '11*	Change	Change	Change
Automotive Supply Stores	38.3	24.2%	11.1%	12.4%
Contractors	49.7	24.4%	18.0%	8.7%
Electrical Equipment	28.5	9.5%	166.1%	2.6%
Grocery Stores Liquor	39.8	-12.0%	-11.0%	10.7%
Heavy Industrial	37.8	-54.8%	-35.8%	20.3%
Home Furnishings	206.5	3.0%	0.1%	7.4%
New Motor Vehicle Dealers	159.3	16.3%	11.0%	12.3%
Office Supplies/Furniture	40.6	155.7%	-56.2%	-27.2%
Petroleum Prod/Equipment	58.3	32.7%	63.5%	46.2%
Restaurants Beer And Wine	35.8	0.5%	-2.6%	0.9%
Restaurants Liquor	42.4	33.3%	14.5%	10.8%
Restaurants No Alcohol	78.3	2.2%	3.6%	7.1%
Service Stations	268.8	25.1%	20.7%	20.5%
Specialty Stores	44.7	-5.1%	3.3%	7.9%
Sporting Goods/Bike Stores	70.6	5.2%	8.8%	9.1%
<b>Total All Accounts</b>	<b>\$1,563.0</b>	<b>8.5%</b>	<b>9.9%</b>	<b>9.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>167.4</b>	<b>8.3%</b>		
<b>Gross Receipts</b>	<b>\$1,730.4</b>	<b>8.5%</b>		<i>*In thousands</i>