

# Q1 2010



# Laguna Niguel Sales Tax Update

Second Quarter Receipts for First Quarter Sales (Jan-Mar 2010)

## Laguna Niguel In Brief

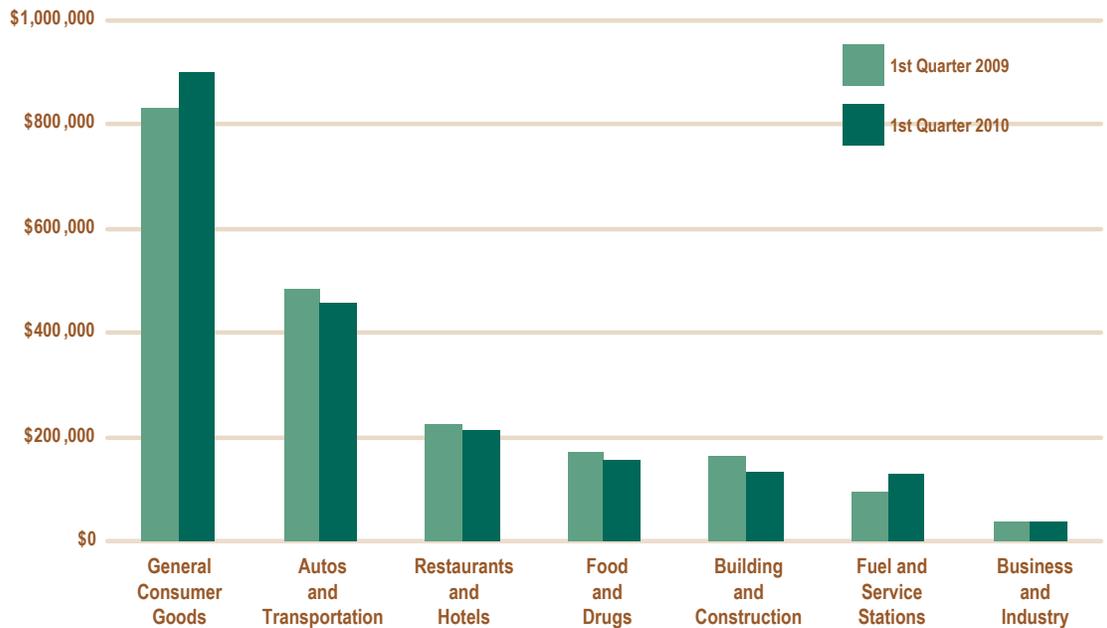
Gross receipts for January through March sales were 1.2% higher than the same quarter of 2009. Actual sales increased by 2.5% after accounting anomalies were factored out.

Higher fuel prices, combined with gains from several categories of general consumer goods, were primarily responsible for the overall increase. The receipt of taxes due in a prior period inflated results from specialty retail.

Gains were partially offset by declines in auto leasing and home furnishings and the impact of recent business closeouts in lumber/building materials and fast food restaurants. Payment anomalies depressed comparisons for both restaurants-liquor and grocery-liquor.

Adjusted for onetime accounting events, sales and use tax receipts for all of Orange County dipped 0.7% over the same time period. Southern California, as a whole, was up 0.5%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Albertsons	General Motors Acceptance
Allen Cadillac GMC	Home Depot
Allen Hyundai	In N Out Burgers
Bed Bath & Beyond	Kohls
Beverages & More	Laguna Niguel Shell
California Fuel Dispensing	Loehmanns
Chevron Laguna Niguel	Mercedes Benz of Laguna Niguel
Costco	On the Run at Mobil
CVS Pharmacy	Sport Chalet
CVS Pharmacy	Trader Joes
Daimler Financial Services	Verizon Wireless
Daimler Trust	Vons
	Wal Mart

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$7,028,723	\$6,684,299
County Pool	750,819	705,889
State Pool	5,359	5,598
<b>Gross Receipts</b>	<b>\$7,784,900</b>	<b>\$7,395,786</b>
<b>Less Triple Flip*</b>	<b>\$(1,946,225)</b>	<b>\$(1,848,947)</b>

\*Reimbursed from county compensation fund

**Statewide Results**

Adjusted for accounting aberrations, California's local sales and use tax revenues from the first quarter of 2010 were 1% higher than the same quarter one year ago. This marks the first year-over-year gain in statewide sales in two and one-half years.

For most agencies, the increase came almost exclusively from the 33% recovery in fuel prices since first quarter 2009. An early Easter also helped boost receipts from discount department stores and value priced apparel while year-end bonuses, the prior stock market rally and manufacturer incentives produced auto sales gains in some high income communities.

Geographically, the central and northern coastal areas of California did better than the rest of the state. However, the only solid across-the-board increases occurred in a few areas surrounding the technology centers of Silicon Valley.

**Projections for a Tepid Recovery Continue**

Statewide, declines in local sales and use tax revenues are generally thought to have "bottomed out" and expectations are for moderate gains in local allocations over the next two quarters. Rising fuel prices, stimulus rebates for energy-related purchases, inventory rebuilding by retailers and manufacturers and a temporary slump in consumer savings to satisfy pent up demand are all expected to have a positive impact on revenues.

Aggressive manufacturer incentives are also projected to improve new car sales over the next few quarters although the taxable values of the units sold will be far less than at the peak of the credit bubble when 40% of all California new car sales were financed from home equity loans which had encouraged more expensive purchases. However the increases are anticipated to taper off in the last half of the fis-

cal year as inventory rebuilding winds down and various federal stimulus and tax incentive programs are phased out. Overall year-end gains are expected to be modest except in jurisdictions benefiting from new development or specific business/retail segments.

The current consensus is that California's fiscal problems, high unemployment and a continued slump in construction activity make significant recovery in tax revenues unlikely before 2012-2013.

**Local Add-On Sales Tax Measures Approved**

All six proposals for sales tax additions were approved in June as voters continued to exhibit an openness to financing services in their immediate communities where they have more input and control.

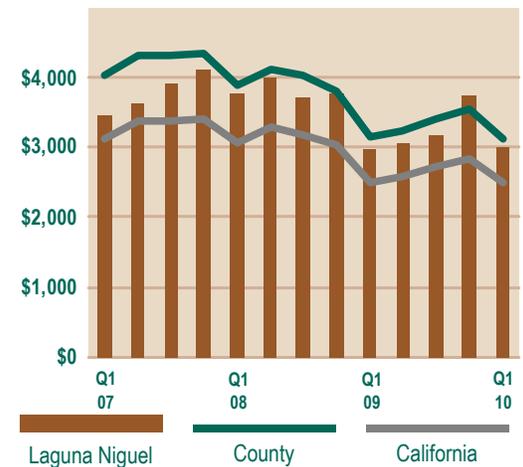
New taxes were approved in the cities of Calexico, Cathedral City, Cotati, Rohnert Park and Woodland. Davis approved continuation of an existing tax that was about to sunset.

This brings the number of agencies

with one or more "transactions tax" districts to 78 cities and 27 counties. While sales tax is collected on all purchases and allocated to where the sale is negotiated, the local "transactions tax" is collected and distributed for purchases in only the levying jurisdiction where the goods are delivered, consumed or registered.

A dozen agencies are considering similar measures for the November 2010 ballot.

**SALES PER CAPITA**



**LAGUNA NIGUEL TOP 15 BUSINESS TYPES**

Business Type	Laguna Niguel		County	HdL State
	Q1 '10*	Change	Change	Change
Discount Dept Stores	\$581.5	12.7%	3.6%	4.9%
New Motor Vehicle Dealers	291.1	-0.5%	0.6%	0.0%
Service Stations	131.2	39.5%	31.0%	28.0%
Auto Lease	130.2	-15.6%	-19.4%	-20.7%
Restaurants No Alcohol	119.0	-3.8%	-0.1%	-3.3%
Lumber/Building Materials	89.2	-25.5%	-2.9%	1.6%
Grocery Stores Liquor	77.3	-14.7%	-5.5%	-3.5%
Home Furnishings	57.5	-10.9%	-3.9%	-1.7%
Restaurants Liquor	55.9	-10.3%	0.2%	5.1%
Family Apparel	54.7	24.8%	10.2%	13.7%
Drug Stores	44.4	-0.2%	0.3%	-1.7%
Specialty Stores	40.8	7.8%	-4.4%	-3.7%
Electronics/Appliance Stores	37.7	17.5%	-7.7%	-6.2%
Restaurants Beer And Wine	33.7	-2.3%	-6.1%	-6.2%
Sporting Goods/Bike Stores	32.8	8.7%	-3.0%	-1.9%
<b>Total All Accounts</b>	<b>\$2,028.7</b>	<b>1.1%</b>	<b>-0.4%</b>	<b>0.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>230.7</b>	<b>1.9%</b>		
<b>Gross Receipts</b>	<b>\$2,259.4</b>	<b>1.2%</b>		<i>*In thousands</i>