

# Q2 2010



# Laguna Niguel Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2010)

## Laguna Niguel In Brief

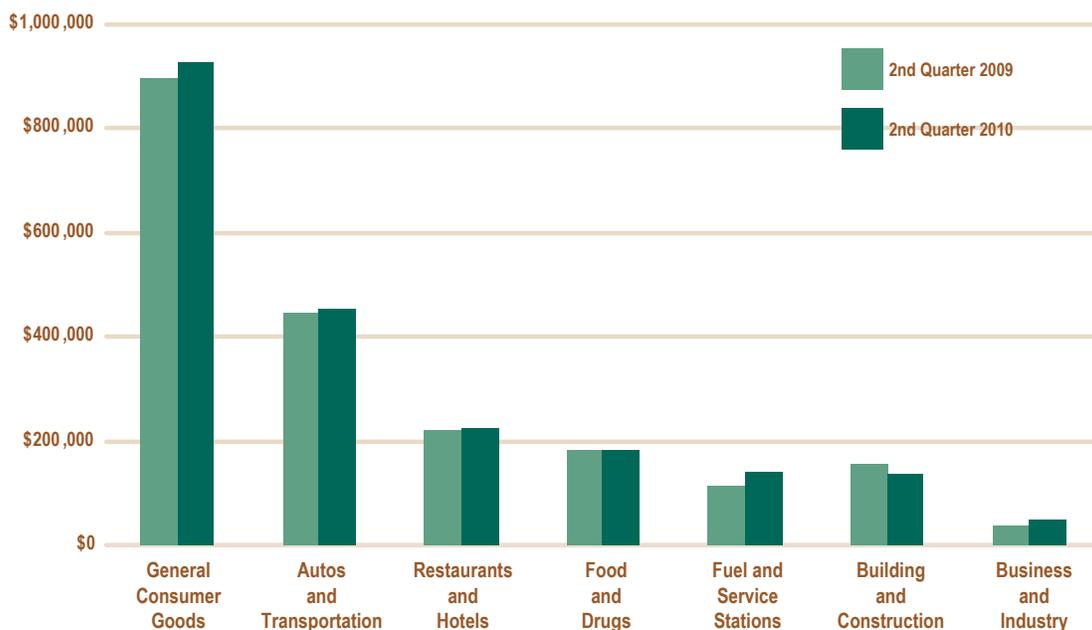
Receipts for Laguna Niguel's second quarter sales were 3.5% higher than the same quarter one year ago. Actual sales were up 3.3% when reporting aberrations were factored out.

Higher fuel prices helped boost revenues from service stations. The city experienced a strong sales quarter for general consumer goods, business & industry and autos & transportation.

The gains were partially offset by a decline in sales from the building & construction sector.

Adjusted for reporting aberrations, taxable sales for all of Orange County increased 6.3% over the comparable time period while the Southern California region, as a whole, was up 4.7%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

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

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$9,086,512	\$8,803,957
County Pool	952,286	926,430
State Pool	7,400	6,727
<b>Gross Receipts</b>	<b>\$10,046,198</b>	<b>\$9,737,114</b>
<b>Less Triple Flip*</b>	<b>\$(2,511,549)</b>	<b>\$(2,434,278)</b>

\*Reimbursed from county compensation fund

## California Overall

Local sales and use tax revenues for sales occurring April through June 2010 were 4.7% higher than the same quarter of 2009 after accounting aberrations were factored out. However, the comparison is against a quarter that was 18.4% below the same quarter of 2008 which in turn, was 4.0% lower than the same period of 2007.

Rising fuel prices were again a major part of the quarterly increase. Pent-up demand and manufacturer incentives produced impressive gains in auto and RV sales. Capital investment in technology, equipment and supplies to reduce labor and energy costs drove expanded receipts from business and industrial purchases.

Areas surrounding the Silicon Valley continue to be the center of greatest recovery though a recent up-tick in travel helped produce gains in some vacation/resort communities. The inland parts of California still lag the coastal regions.

## It's Official! The Recession is Over!

The National Bureau of Economic Research (NBER) has announced that the recession ended in June of 2009. Technically, this means that economic indicators show that the economy has finally bottomed out. It does not mean that a recovery has occurred.

This year's earlier exuberance has given way to near consensus among economists that the state's recovery will be slow with less than average growth over the next two years.

The argument is that further deleveraging from years of over-spending, over-borrowing, hyper-speculative investment and unsustainable real estate prices must occur before we reach the base on which normal growth restarts. With the focus on productivity innovations rather than jobs, unemployment is expected to stay in double digits at least until the end of 2012. Sales tax revenues are expected to continue to recover but at slightly lower rates than

experienced earlier in the year from various tax credit, stimulus rebate and manufacturer incentive programs.

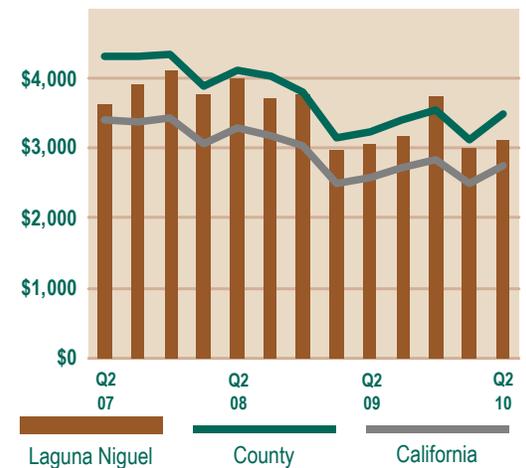
## Green Energy Exemptions

The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) has fast-tracked adoption of their emergency regulations for implementing new sales and use tax exemptions for "Green Manufacturing" authorized by SB 71, the only significant new sales tax related bill adopted in 2010 to date. The first approvals are planned for their November 17 meeting.

Industry lobbyists have shut local governments out of the process and additional regulations are now being developed for exempting major alternative energy projects such as solar, geothermal and wind. There is no cap on the value of state and local sales tax losses that CAEATFA may approve.

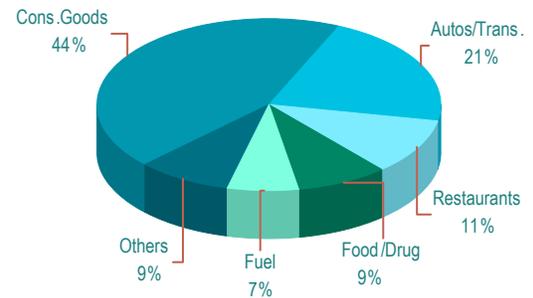
Local governments will not be notified of applications potentially impacting their revenues. However, agenda notices can be obtained by signing up at <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

## SALES PER CAPITA



## REVENUE BY BUSINESS GROUP

Laguna Niguel This Quarter



## LAGUNA NIGUEL TOP 15 BUSINESS TYPES

Business Type	Laguna Niguel		County	HdL State
	Q2 '10*	Change	Change	Change
Discount Dept Stores	—	CONFIDENTIAL	-0.7%	0.1%
New Motor Vehicle Dealers	—	CONFIDENTIAL	17.8%	16.5%
Service Stations	142.3	22.7%	20.8%	18.2%
Restaurants No Alcohol	126.5	0.3%	2.7%	4.5%
Auto Lease	110.8	-20.4%	-20.0%	-20.4%
Lumber/Building Materials	98.2	-25.5%	1.2%	2.9%
Grocery Stores Liquor	93.9	-1.6%	2.8%	1.0%
Home Furnishings	66.4	3.6%	9.3%	3.2%
Family Apparel	60.6	-1.4%	11.0%	10.4%
Restaurants Liquor	54.8	0.9%	7.0%	6.8%
Drug Stores	46.0	1.4%	0.4%	-1.4%
Specialty Stores	41.7	-11.0%	-1.2%	1.3%
Restaurants Beer And Wine	37.6	-0.1%	-4.2%	-3.0%
Electronics/Appliance Stores	34.3	-7.4%	12.4%	8.8%
Women's Apparel	33.4	-12.0%	1.7%	0.2%
<b>Total All Accounts</b>	<b>\$2,119.7</b>	<b>3.0%</b>	<b>8.4%</b>	<b>7.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>221.7</b>	<b>8.9%</b>		
<b>Gross Receipts</b>	<b>\$2,341.3</b>	<b>3.5%</b>		<i>*In thousands</i>