

Q4 2010



Laguna Niguel Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2010)

Laguna Niguel In Brief

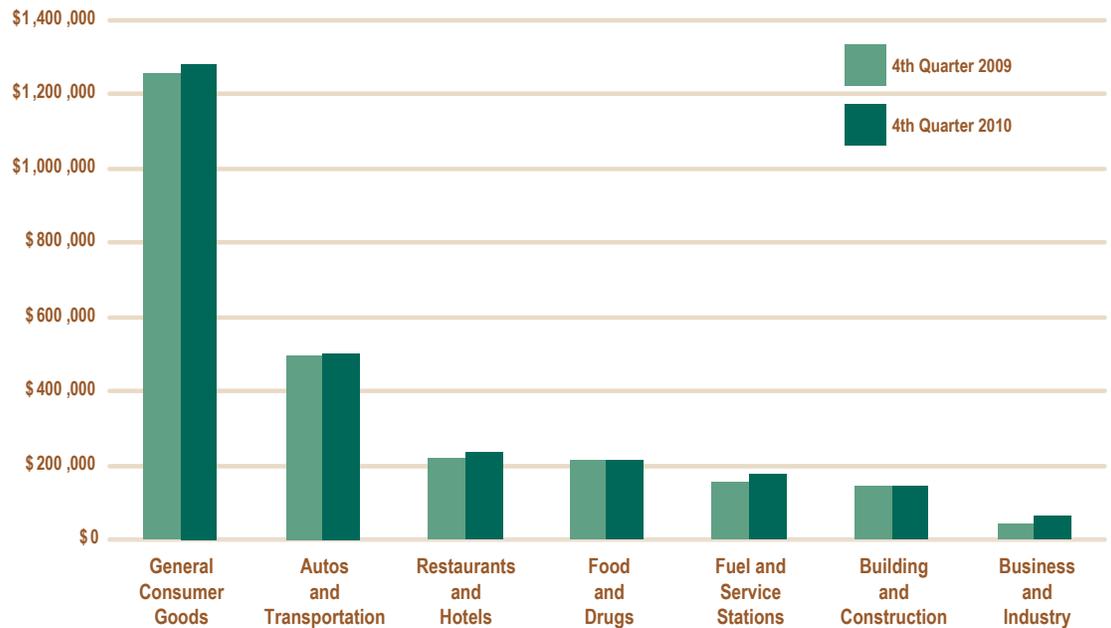
Gross receipts for Laguna Niguel's October through December sales were 3.7% higher than the same quarter of 2009.

Higher fuel prices boosted returns from service stations and other retailers with fuel sales. Onetime sales lifted postings from specialty retail and some categories in the business/industry group. A recent addition contributed to the increase from restaurants with no alcohol. Receipt of double-up payments that affected one or both quarters inflated overall proceeds from the food & drugs group.

Automotive sector results were mixed with gains from sales in some categories offset by negative adjustments and lower returns from auto leases. Sales declines and a business closeout trimmed receipts from some categories of general consumer goods.

Adjusted for onetime reporting events, taxable sales for Orange County as a whole increased 6.0% over the same period of time: the Southern California region was up 6.8%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Albertsons	In N Out Burgers
Allen Cadillac GMC	Kohls
Allen Hyundai	Laguna Niguel Shell
Arco	Loehmanns
Avery Petroleum	Mercedes Benz of Laguna Niguel
Avery Station	On The Run at Mobil
Bed Bath & Beyond	Ralphs
Beverages & More	Sport Chalet
Chevron Laguna Niguel	Verizon Wireless
Costco	Vons
CVS Pharmacy	Wal Mart
CVS Pharmacy	
Daimler Trust	
Home Depot	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$4,655,566	\$4,903,966
County Pool	476,430	526,846
State Pool	4,398	2,373
Gross Receipts	\$5,136,394	\$5,433,186
Less Triple Flip*	\$(1,284,098)	\$(1,358,296)

*Reimbursed from county compensation fund

Statewide Sales Increase!

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter of 2010 were 7.3% higher than the same quarter one year ago. This represents the fourth straight quarter of growth and the largest percentage increase since the third quarter of 2005.

Higher fuel prices and usage, robust sales of new autos and rebounds in restaurants and general consumer goods helped boost overall receipts. Capital purchases of business equipment and labor-saving technology were especially strong in the Bay Area and Southern California. A onetime use tax payment for alternative energy equipment added to San Joaquin Valley's pooled use tax totals. Excluding accounting aberrations the state's strongest regions were the San Joaquin Valley +12.5%, the Bay Area +7.7% and the Central Coast +7.1%.

Some Problems Remain

Although recent better than expected improvements in the state's labor markets suggest the rebound is gaining momentum, most economists believe the unemployment rate will remain in double-digits through 2012.

The large volume of unsold residential, commercial and office properties will continue to suppress new construction spending and be a drag on the economy through 2012-13. Soaring oil prices and budget cutbacks by state and local governments will have a short-term negative impact on economic growth.

Post tsunami problems in Japan are likely to cause supply shortages of autos, auto parts and various electronic components. However, the depth and duration of the impact remains unclear at this time.

Green Energy Exemptions

SB 71, which was pushed through the Legislature as one of last year's budget deals, authorizes the previously ob-

scure California Alternative Energy & Advanced Transportation Financing Authority (CAEATFA) to grant sales and use tax exemptions of state and local sales, use and transactions taxes for "green manufacturing" projects. There is no cap on the value of exemptions CAEATFA may approve but the Legislature must be notified if they exceed \$100 million annually. Through March, CAEATFA has approved 28 projects exempting almost \$961 million in qualified property that would have generated about \$87.5 million statewide using an average tax rate of 9.1%. Local government losses are expected to exceed \$19 million.

Although approved projects are located in various areas of the state, Santa Clara and Alameda Counties have been the most impacted thus far.

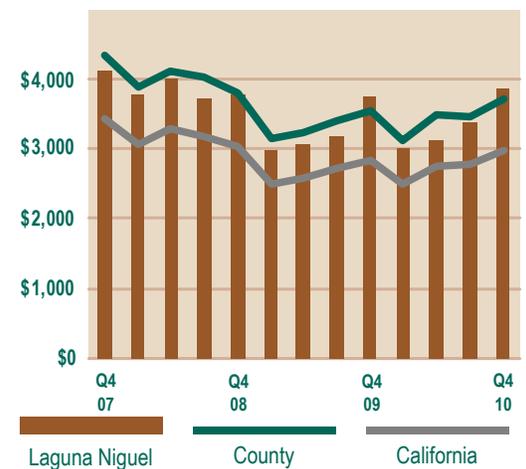
Renewable Energy Exemptions

In late February the CAEATFA Board of Directors postponed expansion of the exemption program with a proposed \$50 million sales and use tax exemption program for renewable

energy generation projects until early 2012 pending a better understanding of the state's fiscal condition. Industry lobbyists are pushing for a much larger program than CAEATFA originally planned.

Local governments will not be notified of applications that could affect their revenues. However, agenda notices can be obtained by visiting <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

SALES PER CAPITA



LAGUNA NIGUEL TOP 15 BUSINESS TYPES

Business Type	Laguna Niguel		County	HdL State
	Q4 '10*	Change	Change	Change
Auto Lease	109.2	-14.0%	17.3%	33.4%
Discount Dept Stores	851.0	2.6%	2.3%	2.2%
Drug Stores	50.2	0.2%	-0.2%	0.2%
Electronics/Appliance Stores	44.8	4.8%	6.2%	8.8%
Family Apparel	85.6	-0.6%	9.0%	5.8%
Grocery Stores Liquor	116.0	0.3%	7.1%	4.7%
Home Furnishings	86.2	-3.6%	5.5%	5.8%
Lumber/Building Materials	99.6	1.0%	-7.4%	-14.6%
New Motor Vehicle Dealers	— CONFIDENTIAL —		10.7%	14.4%
Restaurants Beer And Wine	37.0	3.7%	-3.4%	-2.2%
Restaurants Liquor	55.5	2.5%	5.0%	7.9%
Restaurants No Alcohol	136.5	7.8%	4.4%	5.5%
Service Stations	174.8	14.7%	9.3%	13.1%
Specialty Stores	74.4	41.6%	28.6%	7.5%
Sporting Goods/Bike Stores	32.6	-0.7%	-6.7%	2.3%
Total All Accounts	\$2,613.9	3.6%	5.8%	5.8%
County & State Pool Allocation	280.5	4.3%		
Gross Receipts	\$2,894.5	3.7%		<i>*In thousands</i>