Q2 2013

Laguna Niguel Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (April - June 2013)

Laguna Niguel In Brief

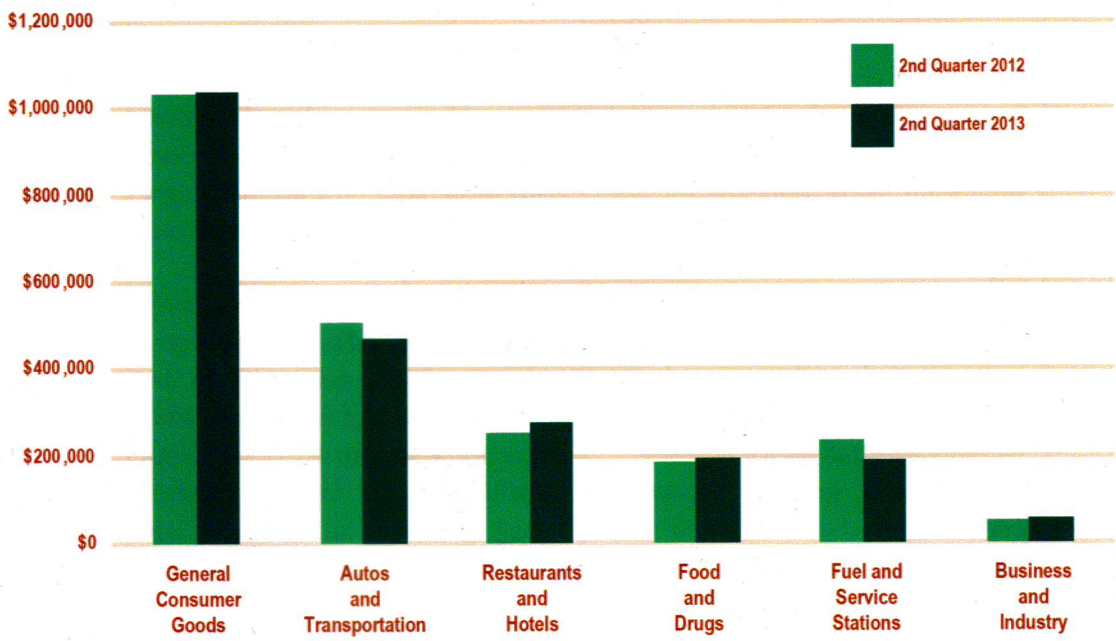
Receipts for Laguna Niguel's April through June sales were 0.7% lower than the same quarter one year ago. Actual sales activity was up 1.3% when reporting aberrations were excluded.

The correction of a prior reporting problem that inflated last year's allocation from service stations was responsible for the current decrease, however actual sales were flat with a new outlet. The city experienced a decline in sales from some categories within the autos and transportation group.

The losses were offset by a one-time accounting anomaly from art and gift stores and the prior addition to grocery stores with liquor. Increased activity and new businesses contributed to gains from the restaurant group. Allocations from the countywide use tax pool were also up 8.6%.

Adjusted for aberrations, taxable sales for all of Orange County increased 5.2% over the comparable time period, while the Southern California region as a whole was also up 5.2%.

Sales Tax by Major Business Group



Top 25 Producers

In Alphabetical Order

- Albertsons
- Allen Cadillac GMC
- Allen Hyundai
- Arco
- Arco AM PM
- Bed Bath & Beyond
- BevMo
- Chevron
- Chevron Laguna Niguel
- Circle K
- Costco
- CVS Pharmacy
- Daimler Trust
- Home Depot
- In N Out Burgers
- Kohls
- Laguna Niguel Mobil
- Laguna Niguel Shell
- Loehmanns
- Mercedes Benz of Laguna Niguel
- Sport Chalet
- Verizon Wireless
- Vons
- Walmart
- Whole Foods Market

Revenue Comparison

Four Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	$9,661,659	$9,862,791
County Pool	1,002,953	1,088,297
State Pool	7,193	4,293
Gross Receipts	**$10,671,805**	**$10,955,381**
Less Triple Flip*	$(2,667,951)	$(2,738,845)

**Reimbursed from county compensation fund*

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NOTES

State Overall

Adjusted for accounting anomalies, receipts from local governments' one cent sales and use tax were up 5.4% over the second quarter of 2012.

More than half of the increase was driven by a strong quarter for auto sales plus new revenues flowing to the countywide use tax allocation pools largely as result of the previous passage of AB 155's expanded definition of nexus for out-of-state companies required to collect California sales and use taxes.

Receipts from the building and construction categories exhibited significant gains reflecting the beginning of a recovery in new housing construction and considerable remodeling activity. Restaurant sales were also strong but limited to low priced quick service chains and higher priced fine dining restaurants with full liquor licenses.

Gains from general consumer goods were modest overall and tended to be retailer and community specific. Tax revenues from fuel were down from last year's comparable quarter while receipts from business and industrial purchases were flat with the few increases in that group primarily tied to agriculture and food processing.

The Remaining Fiscal Year

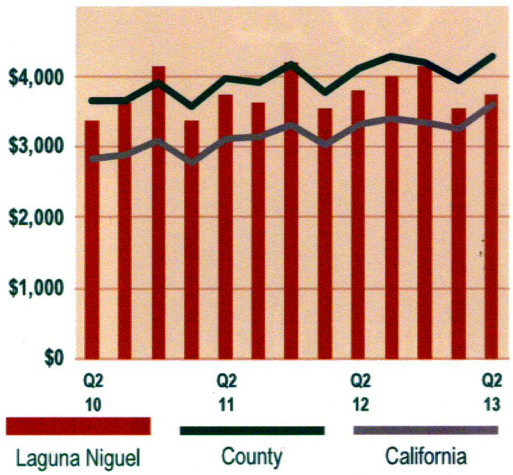
The general consensus is that the state's economy will continue to recover in 2013-14 but sales tax growth may be more modest in the second half of the fiscal year than the first half.

Auto sales which have been up by double digits from years of pent-up demand are expected to plateau in another quarter or two with the pace of growth returning to more normal levels. With consumers taking on more debt to purchase new cars and homes, discretionary spending on other items is expected to slow. Low inflation, price competition and a job recovery tilted toward low paying or part-time work will also keep the cost of taxable goods in check.

The six year boom in the state's technology sector appears to be slowing with companies shifting from buying their own hardware and software to renting computer power through cloud based services. Gas prices will continue to be impacted by refinery shutdowns, Middle East crises and oil speculators. However with today's new cars almost 20% more fuel efficient than those sold only six years ago, further tax gains from this segment are not anticipated.

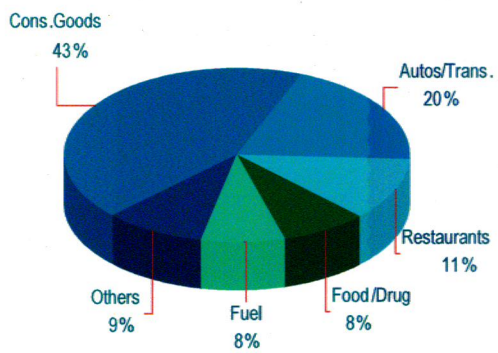
Continued recovery in construction activity is expected to generate a major share of sales tax growth in the second half of the fiscal year. With rising home and stock market values benefiting higher income families, luxury goods in all categories are also projected to show solid gains.

Sales Per Capita



Revenue by Business Group

Laguna Niguel This Quarter



Laguna Niguel Top 15 Business Types

Business Type	Laguna Niguel Q2 '13*	Laguna Niguel Change	County Change	HdL State Change
Auto Lease	108.4	3.7%	20.2%	13.4%
Department Stores	— CONFIDENTIAL —		0.8%	0.2%
Discount Dept Stores	— CONFIDENTIAL —		3.5%	2.3%
Drug Stores	46.8	-0.9%	-3.9%	0.7%
Electronics/Appliance Stores	44.7	13.2%	2.4%	4.7%
Grocery Stores Liquor	110.9	9.8%	2.1%	2.6%
Home Furnishings	73.1	8.6%	7.9%	6.8%
Lumber/Building Materials	— CONFIDENTIAL —		-2.5%	-4.4%
New Motor Vehicle Dealers	— CONFIDENTIAL —		6.0%	11.1%
Restaurants Beer And Wine	47.0	19.5%	-0.4%	0.3%
Restaurants Liquor	66.6	13.3%	7.8%	9.3%
Restaurants No Alcohol	145.5	1.0%	5.8%	5.9%
Service Stations	188.9	-19.7%	-7.0%	-5.7%
Specialty Stores	59.9	8.9%	5.8%	5.1%
Sporting Goods/Bike Stores	37.9	22.4%	3.1%	4.1%
Total All Accounts	**$2,395.5**	**-1.6%**	**4.5%**	**7.0%**
County & State Pool Allocation	**266.1**	**8.3%**		
Gross Receipts	**$2,661.6**	**-0.7%**		

*In thousands