

Q2 2011

City of Eastvale Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2011)

Eastvale In Brief

Gross receipts for Eastvale's April through June sales period totaled \$897,296, an increase of \$302,262 compared to first quarter revenues.

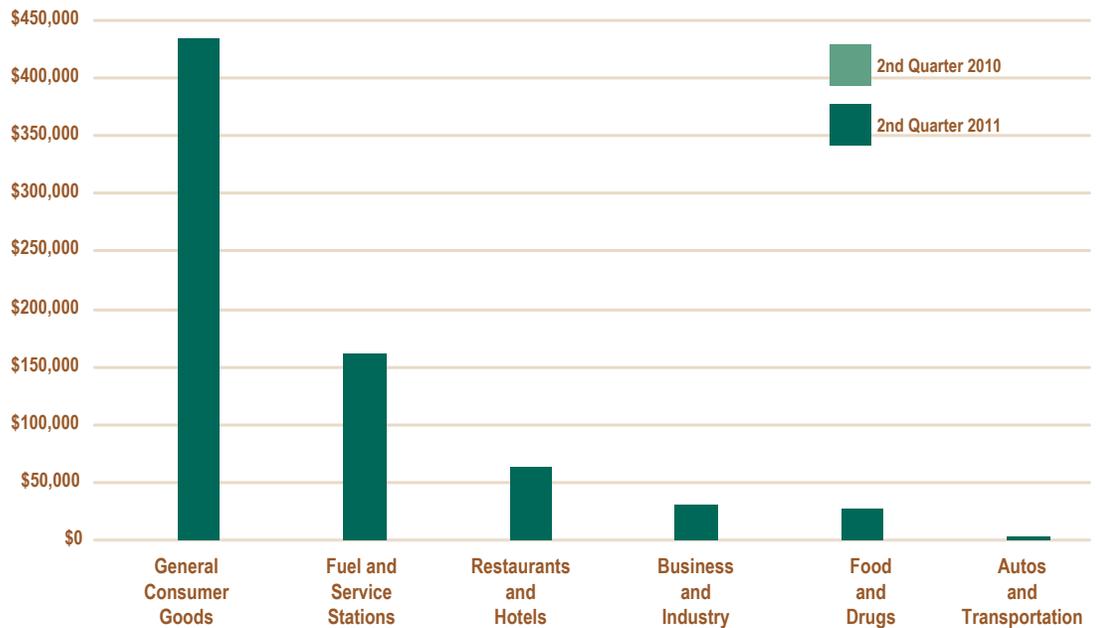
Allocations from businesses that are on special reporting schedules and the correction of some of the usual start-up issues were major factors for the gain, but higher fuel prices, increased sales activity from some categories of general consumer goods and the larger share of the countywide use tax pool were also factors.

The pool is distributed to agencies within the county based upon a ratio of each quarter's taxable sales. Since businesses located in the city generated 1.4% of this quarter's countywide total, the city received 1.4% of the proceeds from the pool.

Point-of-sale activity represented 90.8% of this period's allocation with sales of general consumer goods responsible for 53.2% of that total, followed by fuel/service stations at 19.7%. The county & state pools accounted for 9.2% of this quarter's gross receipts.

Adjusted for onetime reporting events, taxable sales for all of Riverside County increased 11.5% over the same period; Southern California as a whole was up 8.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

7 Eleven	Ralphs
7 Eleven	Sports Chalet
Albertsons	Staples
Applebees	Target
Best Buy	Tillys
Buffalo Wild Wings Grill & Bar	TJ Maxx
Carinos Italian Grill	Verizon Wireless
Carls Jr	Vons
Chevron	Vons Fuel Station
Culligan Sales	Wal Mart DVD Rentals
Home Depot	Wendys
Kohls	
On the Border	
Petsmart	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$0	\$814,783
County Pool	0	82,990
State Pool	0	(477)
Gross Receipts	\$0	\$897,296
Less Triple Flip*	\$0	\$(224,324)

*Reimbursed from county compensation fund

Statewide Results

California's local sales and use tax revenues for sales occurring April through June 2011 were 9.4% higher than the same quarter of 2010 after payment aberrations were removed. This marks the sixth consecutive quarter of growth since the recovery began.

Higher fuel prices accounted for much of the statewide increase. Easing consumer credit, sales incentives and pent up demand led to gains in new auto sales while consumers also showed signs of spending more freely in specialty stores, home furnishings, apparel categories, jewelry and restaurants.

Electronics sales in the Bay Area sharply outpaced statewide results and highlighted the continued strength of tech-oriented business in that region. Stimulus funded infrastructure projects produced temporary gains in sales tax on concrete, asphalt and aggregates but are expected to wane later in the year as funding is depleted.

Increased airport traffic and auto rentals suggest that travel and leisure sales are in a recovery mode.

Fuel Prices Boosting Receipts

Second quarter fuel sales represented 38% of the total statewide sales tax increase. California consumers paid an average of \$3.94 per gallon the week of September 12th, 94 cents higher than the same period of 2010, but below the all-time high of \$4.59 in 2008. Crude oil prices, which account for about 85% of gasoline price variability, were \$90.21 a barrel in September 2011 versus \$141.06 in the summer of 2008.

Although future gas prices are expected to decline from this year's highs, increased exports of U.S. refinery output to other countries are expected to keep prices here at elevated levels.

Growth in the Hourglass Economy

The good news is that the economy is in recovery, the bad news is this may be as good as it gets according to a recent International Monetary Fund report

which highlights problems caused by a shift to an hourglass economy.

This type of economy is characterized by a large and expanding group at the top with high skills and high incomes offset by an expanding group at the bottom with low skills and low pay. The middle levels traditionally composed of skilled or semi-manual workers in good paying jobs continue to decline, giving the occupational income profile of the economy its distinctive shape. The 2010 Census revealed that most Americans' inflation-adjusted incomes were either stagnate or in decline with the proportion of people living in poverty now at 15.3% while 24% of the nation's wealth is concentrated in the top 1/10th of one percent.

Consumer spending has historically accounted for 70% of economic output and with the wealthiest 5% of Americans now accounting for 37% of all consumer spending, retailers are bifurcating their marketing strategies into sales of high end and low end goods while reducing offerings for the disappearing middle class. Economists say

the dependency on just a small portion of the population for increased spending limits future growth potential and fosters more boom and bust cycles. This is because the wealthy splurge and speculate when their savings are doing well and quickly cut back when the value of their assets tumble. Analysts further argue that this lack of growth potential is why major corporations are sitting on record profits and not investing in more employees.

SALES PER CAPITA



EASTVALE TOP 15 BUSINESS TYPES

Business Type	Eastvale		County	HdL State
	Q2 '11	Change	Change	Change
Art/Gift/Novelty Stores	— CONFIDENTIAL —		8.1%	6.4%
Contractors	— CONFIDENTIAL —		24.7%	7.6%
Discount Dept Stores	— CONFIDENTIAL —		5.0%	6.4%
Electronics/Appliance Stores	68,876	na	8.3%	3.2%
Family Apparel	57,515	na	11.0%	12.7%
Grocery Stores Liquor	25,700	na	-3.8%	1.5%
Light Industrial/Printers	4,922	na	2.1%	0.0%
Lumber/Building Materials	— CONFIDENTIAL —		1.7%	1.4%
Office Supplies/Furniture	— CONFIDENTIAL —		126.7%	43.0%
Repair Shop/Hand Tool Rentals	5,082	na	53.9%	10.7%
Restaurants Liquor	26,441	na	7.4%	8.6%
Restaurants No Alcohol	33,653	na	1.5%	3.5%
Service Stations	— CONFIDENTIAL —		25.4%	31.0%
Specialty Stores	— CONFIDENTIAL —		29.6%	5.2%
Sporting Goods/Bike Stores	— CONFIDENTIAL —		4.3%	6.0%
Total All Accounts	\$814,783	na	11.7%	10.1%
County & State Pool Allocation	82,513	na		
Gross Receipts	\$897,296	na		