

# Q1 2012



# City of Eastvale Sales Tax Update

Second Quarter Receipts for First Quarter Sales (January - March 2012)

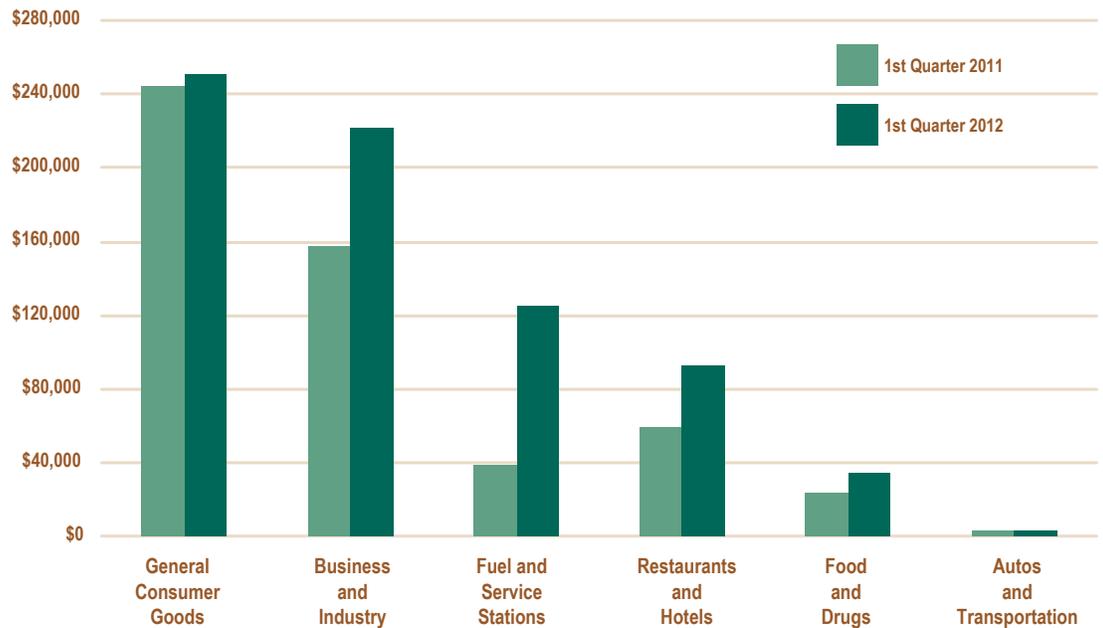
## Eastvale In Brief

Gross receipts for January through March sales, including the city's share of the county and state use tax pools, totaled \$894,772. This was 51.6% higher than the same quarter one year ago when normal start-up issues and the impact of taxpayers on special reporting schedules temporarily depressed results from all major business groups and the use tax pools.

Recently-opened outlets contributed to gains from quick service restaurants, both the business & industry and food & drugs groups and partially offset general consumer goods group losses from last year's Borders bookstore closure.

Adjusted for reporting anomalies, sales and use tax receipts for all of Riverside County rose 8.0% over the comparable time period; the Southern California region as a whole was up 8.1%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	McDonalds
Albertsons	Petsmart
Applebees	Shamrock Foods
Best Buy	Sports Chalet
Buffalo Wild Wings Grill & Bar	Staples
Carinos Italian Grill	Target
Carls Jr	Tillys
Chevron	TJ Maxx
Corkys Kitchen Bakery	Verizon Wireless
Farmer Boys	Vons
Home Depot	Vons Fuel
Kohls	Wal Mart DVD Rentals
Lennox Industries	

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$543,971	\$3,485,953
County Pool	55,918	396,700
State Pool	133	1,258
<b>Gross Receipts</b>	<b>\$600,022</b>	<b>\$3,883,910</b>
Cty/Cnty Share	(9,988)	0
<b>Net Receipts</b>	<b>\$590,034</b>	<b>\$3,883,910</b>
Less Triple Flip*	\$(147,508)	\$(970,977)

\*Reimbursed from county compensation fund

**Statewide Results**

Adjusted for accounting aberrations, California's local sales and use tax revenues for January through March transactions increased 8.4% over last year's comparison quarter. Most areas of the state realized gains from service stations and auto sales; whereas some counties received added benefits in use taxes from alternative energy plant projects. Overall, the San Joaquin Valley, with strong agriculture-related purchases, led all other regions of the state.

**The Year Ahead**

Having bottomed out in 2009-10, California made solid progress toward economic recovery in 2011-12. Job gains, easier credit, pent-up demand for autos and goods, higher fuel prices, continued investment in technology and increased tourism and business travel all contributed to rising sales tax revenues.

Most analysts believe that the recovery will continue in 2012-13 although at a slower pace. How much slower is uncertain due to a number of major unresolved issues and the extent to which they can be avoided or mitigated.

One issue is the state's \$16 billion budget deficit. Government has traditionally accounted for 18% of California's jobs and the full effect of looming job losses will not be fully known until after the November election.

The European financial crisis is a problem of particular importance to California which ships high tech equipment, tools and software along with a variety of agricultural and other products to 226 countries. Exports account for roughly 25% of the state's economy.

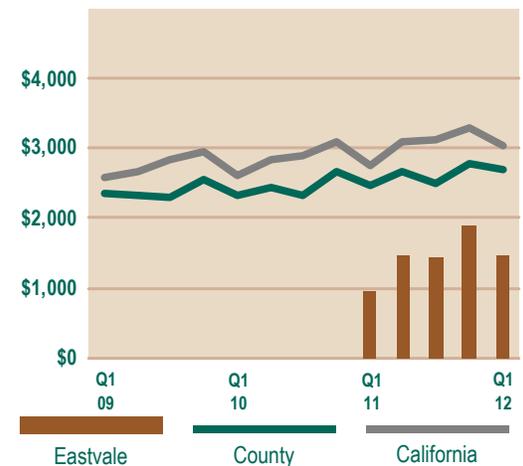
Additionally, California manufacturers that rely on foreign parts

could face a shortage if European bank credit lines contract due to ongoing European financial problems.

The final issue involves the Federal Budget Control Act of 2011 which was adopted to resolve last year's debt-ceiling crisis. On January 1, existing temporary tax cuts on income, payroll, capital gains and estates expire. If Congress cannot overcome its ideological differences and agree on a budget package, \$400 billion in automatic spending cuts will be activated.

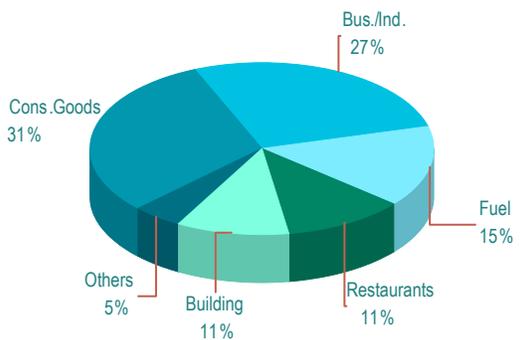
There is general optimism that another recession can be avoided because it is unlikely that all these issues will devolve to their worst possible case. However, uncertainty about eventual outcomes will impact spending, investment and hiring plans and slow the recovery in 2012's second half. Even so, HdL's current consensus forecast is for a 4.5% to 5.0% increase in statewide local sales tax revenues in 2012-13.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

Eastvale This Quarter



**EASTVALE TOP 15 BUSINESS TYPES**

Business Type	Eastvale		County	HdL State
	Q1 '12	Change	Change	Change
Department Stores	— CONFIDENTIAL —	—	0.5%	1.2%
Discount Dept Stores	— CONFIDENTIAL —	—	10.9%	5.6%
Electronics/Appliance Stores	71,437	9.7%	-3.1%	0.5%
Family Apparel	25,832	-0.3%	10.1%	11.9%
Grocery Stores Liquor	— CONFIDENTIAL —	—	1.6%	5.6%
Lumber/Building Materials	— CONFIDENTIAL —	—	-6.5%	8.8%
Motion Pictures/Equipment	— CONFIDENTIAL —	—	4.3%	389.0%
Office Equipment	— CONFIDENTIAL —	—	49.8%	12.6%
Office Supplies/Furniture	— CONFIDENTIAL —	—	-4.3%	6.7%
Restaurants Beer And Wine	— CONFIDENTIAL —	—	5.2%	3.8%
Restaurants Liquor	30,386	-2.6%	11.7%	13.0%
Restaurants No Alcohol	47,869	119.8%	6.9%	9.5%
Service Stations	— CONFIDENTIAL —	—	11.6%	13.3%
Specialty Stores	16,540	14.2%	8.2%	6.9%
Sporting Goods/Bike Stores	— CONFIDENTIAL —	—	5.9%	6.7%
<b>Total All Accounts</b>	<b>\$813,313</b>	<b>52.0%</b>	<b>8.2%</b>	<b>9.9%</b>
<b>County &amp; State Pool Allocation</b>	<b>81,459</b>	<b>47.8%</b>		
<b>Gross Receipts</b>	<b>\$894,772</b>	<b>51.6%</b>		