

# Q3 2010



# City of Chula Vista Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2010)

## Chula Vista In Brief

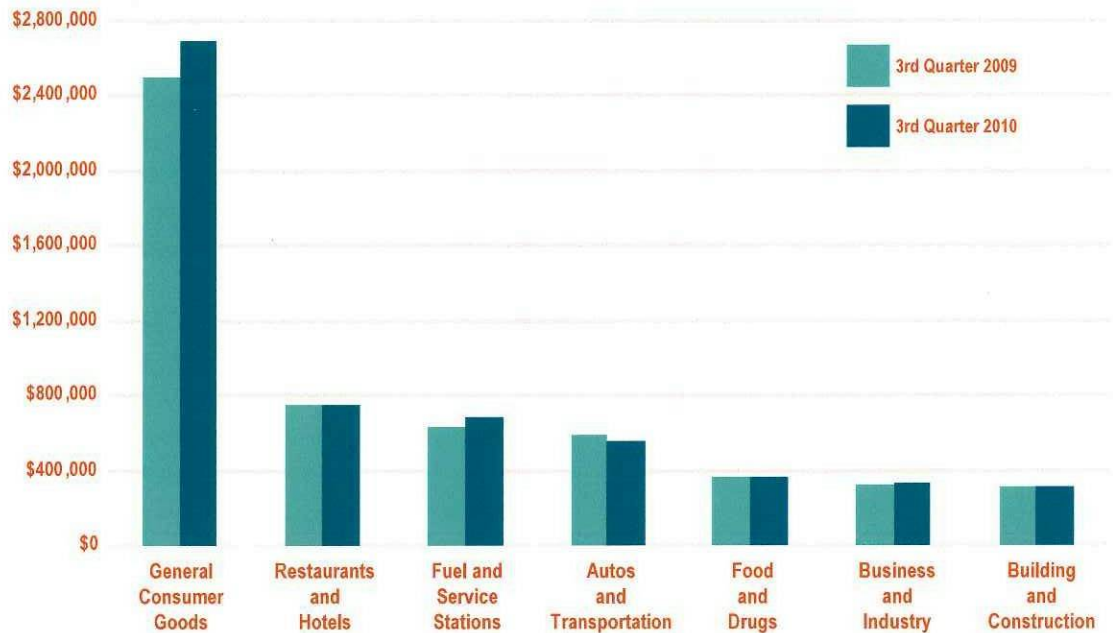
Receipts from July through September sales were 5.2% above the same period one year earlier.

Increases were principally in the discount department store, service station, electronics/appliance store, family apparel, specialty store, restaurants with liquor and auto supply business categories. Gains in most of these groups easily outpaced countywide and statewide trends.

Declines mainly affected the new motor vehicle dealer, drug store, lumber/building materials, home furnishings and sporting goods/bike shop categories. Results for all of these classifications fell short in comparisons with countywide and statewide sales data; however one-time payment aberrations caused the lumber/building materials drop and exaggerated the home furnishings decrease.

Excluding reporting aberrations, all of San Diego County was up 4.2%; statewide sales grew 4.7%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS In Alphabetical Order

Apple Computer	Macys
Arco AM PM	Marshalls
Arco AM PM	Ralphs
Best Buy	Ross
Chevron	Sears
Costco	Target
Eastlake Chevron	Toyota/Scion of Chula Vista
Fuller Ford/Kia	Toys R Us
Fuller Honda	Trek Bicycle Superstore
Home Depot	Vons
JC Penney	Walmart
Jeromes Furniture Warehouse	
Kohls	
Lowes	

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$10,821,201	\$11,372,310
County Pool	1,193,220	1,347,012
State Pool	10,727	8,130
<b>Gross Receipts</b>	<b>\$12,025,148</b>	<b>\$12,727,451</b>
<b>Less Triple Flip*</b>	<b>\$(3,006,287)</b>	<b>\$(3,181,863)</b>

\*Reimbursed from county compensation fund

NOTES

### Statewide Overview

California's allocation of local Bradley-Burns revenues for sales occurring July through September were 4.7% higher than the third quarter of 2009 after accounting anomalies were factored out. Higher fuel prices and usage, business investment in new equipment and technology, and solid gains in some categories of consumer goods and restaurants all contributed to the increase. Receipts from food, drugs, and construction materials were slightly lower than last year's comparison quarter as was the allocation from autos which spiked during the "cash for clunkers" program of a year ago.

The Silicon Valley continues to lead the recovery with gains 2½ times higher than for California as a whole. Coastal region sales are generally outperforming the inland areas.

### The Sales Tax Picture at Mid-Year

The first two quarters of 2010-11 produced statewide receipts that are 4.2% higher than the first two quarters of 2009-10 after accounting aberrations are excluded. However, the year-to-date total is still 17.2% lower than the totals for the first two quarters of pre-recession 2006-07.

Generally, prognostications for the remaining fiscal year are more upbeat than those of a few months ago and the fears of a double-dip recession have diminished. Stocks are at a two year high, preliminary data on fourth quarter business and consumer spending is better than anticipated and the recent tax-cuts and extension of unemployment benefits is hoped to boost the nation's economy by \$850 billion. In California, the growth in sales tax will be geographically uneven and tempered by high unemployment, mortgage foreclosures and fallout from the state's budget deficit.

Various segments of the sales tax base are projected as follows:

*Autos/Transportation-* Industry sales reports were inflated by non-taxable

fleet purchases earlier in the year but pent-up demand and easing credit are now producing solid consumer demand and new optimism. Positive gains are expected over the next few quarters but not at pre-recession growth rates.

*Building/Construction-* Unsold inventories, new tax exemptions for energy projects and modest public spending translate into flat or minimal tax growth for another year or more.

*Business/Industry-* Leaner and flush with cash, businesses are investing heavily in new technology, software and equipment. Sales tax gains will be agency and industry specific and primarily from suppliers of technology and companies serving the health, mining, petroleum and food industries.

*Food/Drugs-* some price increases but competition will keep tax revenues from this segment generally flat.

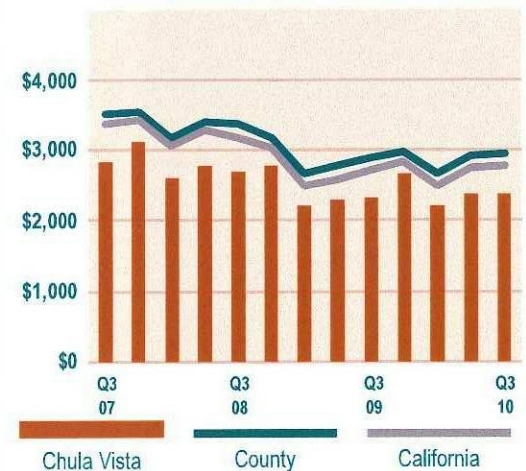
*Fuel/Service Stations -* Speculation on crude oil futures is resulting in price increases that are expected to continue to soar through spring.

*Consumer Goods-* Stock market gains

are reviving luxury buyers while "frugality fatigue" is setting in for the rest of us. Holiday spending was stronger than expected for apparel, sporting goods, small electronics, and home furnishings. Analysts are skeptical about sustainability but generally project statewide growth of 3.0% to 3 ½%.

*Restaurants/Hotels-* Tourism and business travel is on the increase but price competition is expected to keep gains in sales tax revenue relatively modest.

### SALES PER CAPITA



### CHULA VISTA TOP 15 BUSINESS TYPES

Business Type	Chula Vista		County	HdL State
	Q3 '10*	Change	Change	Change
Discount Dept Stores	\$1,297.5	11.5%	5.4%	5.6%
Service Stations	676.8	8.4%	12.3%	12.1%
Restaurants No Alcohol	432.3	1.0%	3.5%	5.1%
Electronics/Appliance Stores	314.1	14.8%	6.2%	18.3%
New Motor Vehicle Dealers	289.7	-12.0%	-1.5%	-1.7%
Family Apparel	257.5	16.5%	8.5%	7.8%
Restaurants Liquor	214.7	6.7%	7.2%	5.3%
Lumber/Building Materials	197.7	-11.2%	-4.4%	-4.7%
Department Stores	191.4	0.6%	3.8%	2.7%
Specialty Stores	184.9	0.3%	-1.0%	-2.2%
Grocery Stores Liquor	184.0	0.2%	-0.9%	1.2%
Home Furnishings	139.2	-3.4%	4.8%	1.3%
Automotive Supply Stores	111.8	15.0%	2.5%	3.7%
Drug Stores	79.8	-7.5%	0.6%	-1.7%
Sporting Goods/Bike Stores	67.0	-11.7%	-2.7%	-0.1%
<b>Total All Accounts</b>	<b>\$5,689.9</b>	<b>4.4%</b>	<b>3.6%</b>	<b>2.7%</b>
<b>County &amp; State Pool Allocation</b>	<b>683.0</b>	<b>12.4%</b>		
<b>Gross Receipts</b>	<b>\$6,372.9</b>	<b>5.2%</b>		<i>*In thousands</i>