

# Q2 2011



# City of Lincoln Sales Tax *Update*

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

## Lincoln In Brief

Receipts for Lincoln's April through June sales were 16.0% higher than the same quarter one year ago. Actual sales activity was up 12.5% when reporting aberrations were factored out.

A temporary payment deviation in office supplies/furniture accounted for the rise in the business and industry group and offset the loss in the light industrial printers classification.

Higher fuel prices boosted returns in fuel and service stations. This gain was a major factor in the overall increase in gross receipts. General consumer goods performed well surpassing regional and statewide percentage gains.

New outlets contributed to the increase in food and drugs and auto-related sectors while positive returns in restaurants were inflated by one-time anomalies.

Sales activity slipped in building products and contractors.

Adjusted for aberrations, taxable sales for all of Placer County increased 11.5% over the comparable time period, while the Sacramento region as a whole was up 8.5%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Safeway Fuel Center
Bill Eads RVs	Shell Gas & Convenience
Catta Verdera Country Club	Staples
Chevron - Gasoline Sales	Sun City Lincoln Hills Comm Assoc
CVS Pharmacy	Syar Concrete
Home Depot	Target
J T Lincoln	TJ Maxx
Lowes	Tower Mart
McDonalds	Verifone
Pabco Clay Products	Verizon Wireless
Petsmart	
Raleys	
Red Robin	
Ross	
Safeway	

### REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$572,447	\$664,074
County Pool	55,546	64,835
State Pool	303	(387)
<b>Gross Receipts</b>	<b>\$628,296</b>	<b>\$728,522</b>
<b>Less Triple Flip*</b>	<b>\$(157,074)</b>	<b>\$(182,131)</b>

\*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

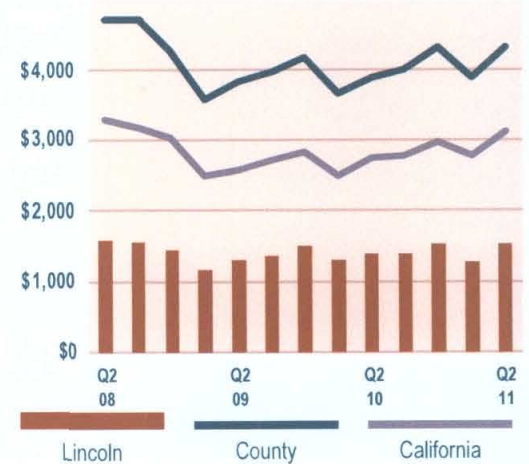
which highlights problems caused by a shift to an hourglass economy.

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



### LINCOLN TOP 15 BUSINESS TYPES

Business Type	Lincoln		County	HdL State
	Q2 '11	Change	Change	Change
Automotive Supply Stores	13,255	3.5%	3.9%	6.5%
Contractors	22,978	-16.0%	20.1%	7.6%
Discount Dept Stores	— CONFIDENTIAL —	—	4.5%	6.4%
Drug Stores	16,796	24.2%	3.7%	2.4%
Electronics/Appliance Stores	10,740	11.3%	2.9%	3.2%
Family Apparel	22,002	2.4%	7.1%	12.6%
Grocery Stores Liquor	— CONFIDENTIAL —	—	0.2%	1.5%
Light Industrial/Printers	8,278	-57.6%	-5.2%	-0.3%
Lumber/Building Materials	82,371	2.3%	-6.7%	1.3%
Office Supplies/Furniture	29,106	337.3%	128.6%	43.0%
Restaurants Beer And Wine	20,407	16.5%	-1.9%	-1.2%
Restaurants Liquor	31,053	6.0%	3.0%	8.6%
Restaurants No Alcohol	42,126	4.1%	4.7%	3.5%
Service Stations	161,857	32.8%	32.8%	31.0%
Specialty Stores	15,078	2.8%	1.9%	5.4%
<b>Total All Accounts</b>	<b>\$664,074</b>	<b>16.0%</b>	<b>12.5%</b>	<b>10.1%</b>
<b>County &amp; State Pool Allocation</b>	<b>64,448</b>	<b>15.4%</b>		
<b>Gross Receipts</b>	<b>\$728,522</b>	<b>16.0%</b>		