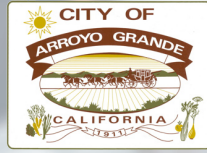


# Q2 2013



# Arroyo Grande Sales Tax Update

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

## Arroyo Grande In Brief

The allocation of sales and use taxes for Arroyo Grande's April through June sales was 5.1% higher than the same quarter one year ago. Actual sales increased 3.3% when accounting anomalies were excluded.

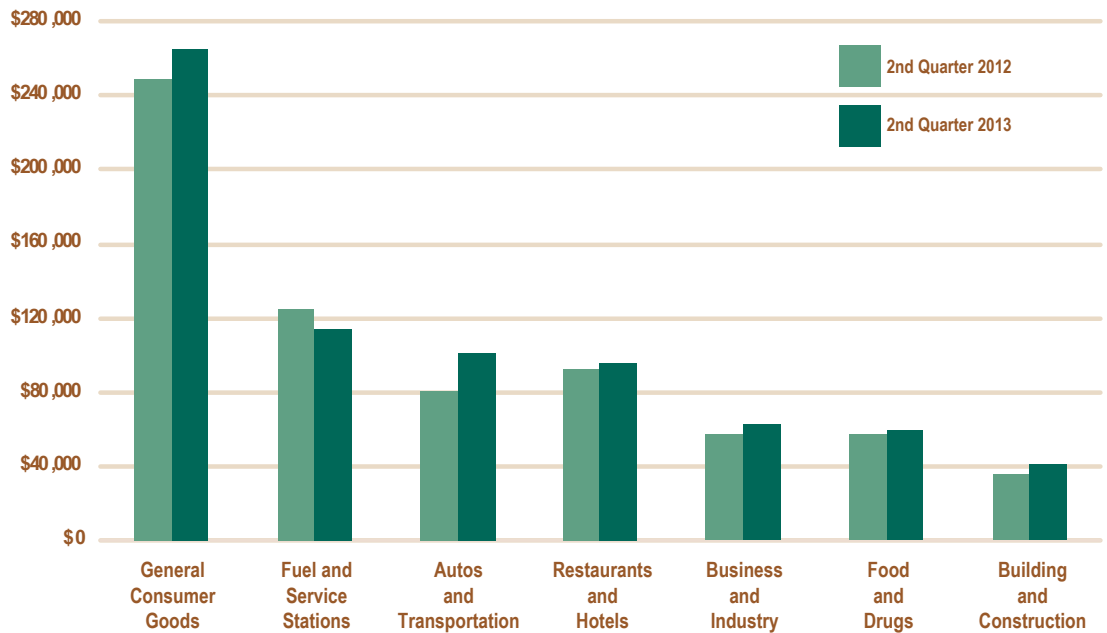
Strong sales from the automotive sector and the building and construction group were augmented by a prior addition to grocery-liquor. Payment aberrations inflated results from garden/agricultural supplies and overstated the impact of a new outlet in home furnishings.

Lower prices and consumption pared postings from the fuel and service station group.

The city's voter-approved local half cent transactions tax generated \$536,030 for the quarter, including \$36,785 due from other periods.

Adjusted for reporting aberrations, taxable sales for all of San Luis Obispo County rose 12.3% over the same period; the Central Coast as a whole was up 7.6%

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Ace Hardware	In N Out Burgers
Albertsons	K Mart
Aqua Systems	Marshalls
Arco AM PM	Mullahey Ford
Arroyo Grande Shell	Officemax
Arroyo Grande Valero	PFG Arroyo Grande
Burke & Pace Lumber Sales	Rite Aid
Chilis	Rooster Creek
Christianson Chevrolet	San Luis Obispo Country Farm
Donnas Interiors Furniture	Smart & Final
Get A Mattress	Trader Joes
Grand Estate Furniture	Verizon Wireless
	Walmart

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$698,211	\$738,839
County Pool	77,958	76,953
State Pool	696	508
<b>Gross Receipts</b>	<b>\$776,865</b>	<b>\$816,300</b>
Less Triple Flip*	\$(194,216)	\$(204,075)
<b>Measure O - 06</b>	<b>\$481,482</b>	<b>\$536,030</b>

\*Reimbursed from county compensation fund

**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.

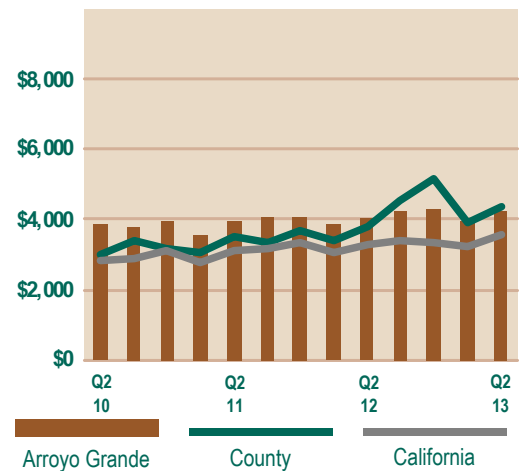
Auto sales which have been up by double digits from years of pent-up demand are expected to plateau in another quarter or two with the pace of growth returning to more normal levels. With consumers taking on more debt to purchase new cars and homes, discretion-

ary 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.

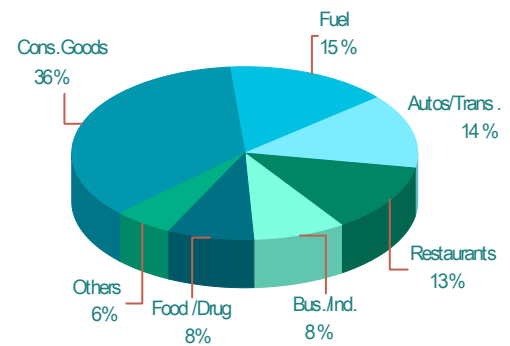
Continued recovery in construction activity is expected to generate a major share of sales tax growth in the second half of the fiscal year. With rising home and stock market values benefiting higher income families, luxury goods in all categories are also projected to show solid gains.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

Arroyo Grande This Quarter



**ARROYO GRANDE TOP 15 BUSINESS TYPES**

Business Type	Arroyo Grande		County	HdL State
	Q2 '13	Change	Change	Change
Discount Dept Stores	— CONFIDENTIAL —	—	0.8%	2.3%
Drug Stores	16,833	-1.6%	1.5%	0.7%
Electronics/Appliance Stores	17,326	0.8%	-1.8%	4.7%
Family Apparel	— CONFIDENTIAL —	—	104.0%	4.7%
Garden/Agricultural Supplies	26,649	24.9%	9.7%	14.7%
Grocery Stores Liquor	32,997	9.8%	-2.4%	2.6%
Hardware Stores	— CONFIDENTIAL —	—	2.0%	7.2%
Home Furnishings	45,594	38.8%	11.8%	6.8%
Lumber/Building Materials	22,559	20.9%	2.2%	-4.4%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	19.3%	11.1%
Restaurants Beer And Wine	20,699	2.9%	3.8%	0.3%
Restaurants Liquor	30,623	5.7%	5.9%	9.3%
Restaurants No Alcohol	42,584	2.8%	9.3%	5.9%
Service Stations	112,364	-5.0%	-8.5%	-5.7%
Specialty Stores	13,296	-0.9%	4.9%	5.1%
<b>Total All Accounts</b>	<b>\$738,839</b>	<b>5.8%</b>	<b>15.7%</b>	<b>7.0%</b>
<b>County &amp; State Pool Allocation</b>	<b>77,461</b>	<b>-1.5%</b>		
<b>Gross Receipts</b>	<b>\$816,300</b>	<b>5.1%</b>		