

# Q3 2012



# Arroyo Grande Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2012)

## Arroyo Grande In Brief

Gross receipts for Arroyo Grande's July through September sales were 1.6% higher than the same quarter one year ago. Actual sales were up 4.8% when accounting anomalies were excluded.

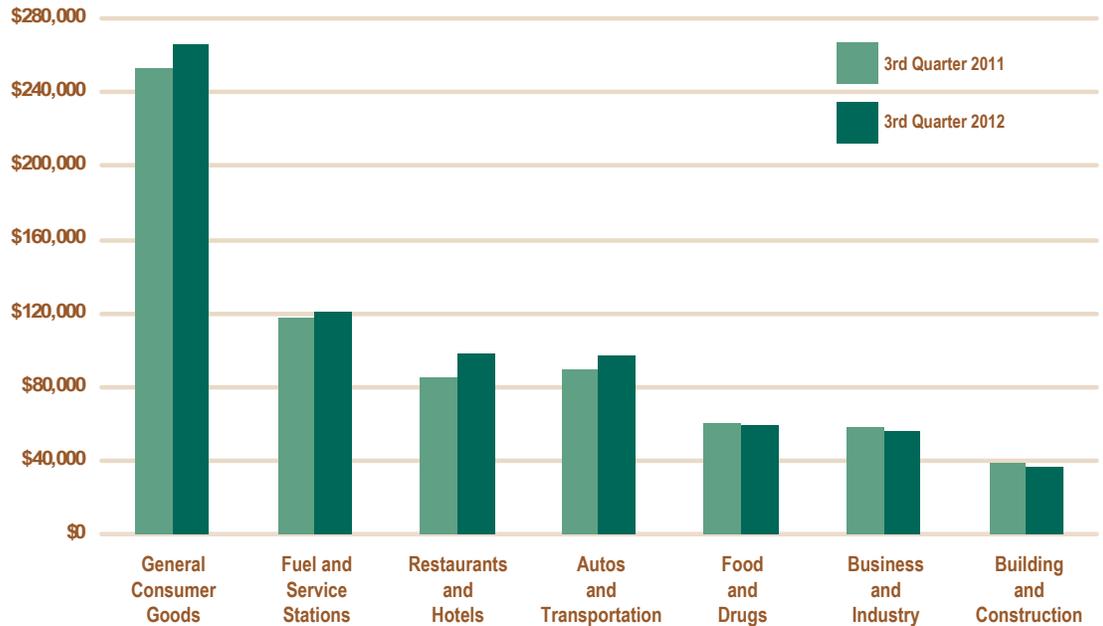
Revenues increased from garden/agricultural supplies, service stations, some automotive group outlets and several categories of general consumer goods. Recently opened businesses contributed to gains from restaurants-liquor, specialty stores and consumer electronics/appliances. Accounting aberrations inflated results from quick service restaurants and the general consumer goods group as a whole.

Accounting events overstated losses from the building and construction group and depressed comparisons for the business and industry group; proceeds from the latter group were actually up 6.5%. A business close-out and a late posting pared receipts from home furnishings.

Receipts from the city's voter-approved local transactions tax totaled \$482,180 for the same quarter, including \$1,519 due from other periods.

Adjusted for reporting aberrations, taxable sales for all of San Luis Obispo County jumped 30.9% over the comparable time period; Central Coast regional totals were up 12.4%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS In Alphabetical Order

Ace Hardware	Gills Food Market
Albertsons	In N Out Burgers
Aqua Systems	K Mart
Arco AM PM	Marshalls
Arroyo Grande Shell	McDonalds
Arroyo Grande Valero	Mullahey Ford
Burke & Pace Lumber Sales	Officemax
Chevron	Rite Aid
Chilis	Rooster Creek
Christianson Chevrolet	San Luis Obispo Country Farm
Donnas Interiors Furniture	Slo World
	Trader Joes
	Verizon Wireless
	Walmart

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$1,390,284	\$1,431,670
County Pool	146,982	135,798
State Pool	177	439
<b>Gross Receipts</b>	<b>\$1,537,443</b>	<b>\$1,567,907</b>
Less Triple Flip*	\$(384,361)	\$(391,977)
<b>Gross Trans. Tax</b>	<b>\$912,466</b>	<b>\$963,662</b>

\*Reimbursed from county compensation fund

## Statewide Results

Gains in all seven of HdL's key economic groupings confirm that California's economy continues to mend. Statewide local sales and use tax revenues from transactions occurring July through September 2012 were 6.0% higher than the same quarter in 2011 after onetime accounting and reporting aberrations are factored out.

The continued strong demand for new autos exceeded analysts' expectations and generated about one-fourth of the adjusted statewide increase. Restaurant sales posted another strong quarter with receipts 6.6% higher than the same period one year ago. Use tax from the development of solar energy projects and a modest recovery in some categories of building and construction materials also contributed to the rise.

Overall sales growth was tempered by a leveling in fuel prices compared to the previous year's quarter and by a slowdown in business spending in the Silicon Valley.

## The Year Ahead

Gains in sales and use tax receipts from the first half of 2013 are expected to be lower than previous quarters. Recovery from "fiscal cliff" uncertainties and its final outcome may take several months while Europe's financial woes and China's sluggish growth will temper California export activity. Fuel prices should stabilize and not generate the huge bubbles in tax revenues experienced in previous quarters.

The last half of the year is predicted to resume steady, moderate growth. In November, the state's unemployment rate had already dipped to 9.8 percent, the lowest since the recession began. The recent gains are becoming more widespread among job categories and

even include an increase in construction-related employment.

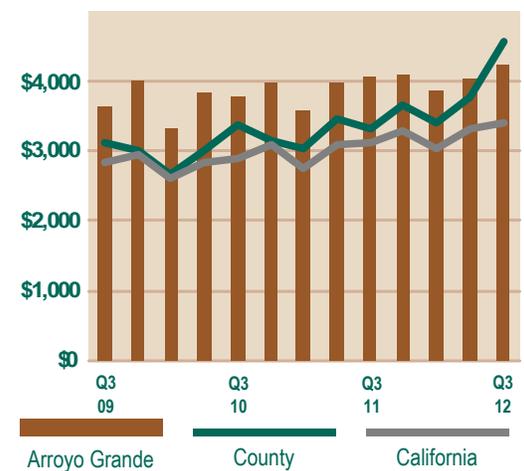
The state's housing market is strengthening with fewer distressed transactions and record low inventories. The median sales price of homes has increased for the last eight consecutive months of the year and building activity, particularly in the coastal areas, is expected to pick up steam in 2013. Elevated foreclosure rates in some inland regions may delay building recovery for another year or two.

Pent-up demand, record low interest rates and easing credit availability have led to robust sales of new automobiles. That demand is expected to continue for another few quarters as consumers replace older, less fuel efficient models and take advantage of lease and financing incentives being offered by manufacturers.

Wage gains from new hiring, combined with lower fuel prices and an improv-

ing housing market are incrementally boosting consumer confidence but much depends on government stewardship of the recovery. Tax increases and reduced benefits could shrink spending at the lower income levels while overly deep cutbacks in government contracts and infrastructure improvements could discourage new business investment.

## SALES PER CAPITA



## ARROYO GRANDE TOP 15 BUSINESS TYPES

Business Type	Arroyo Grande		County	HdL State
	Q3 '12	Change	Change	Change
Discount Dept Stores	— CONFIDENTIAL —	—	9.9%	15.5%
Drug Stores	17,237	0.4%	0.4%	0.4%
Electronics/Appliance Stores	17,578	35.3%	1.0%	-1.1%
Family Apparel	— CONFIDENTIAL —	—	10.7%	9.9%
Garden/Agricultural Supplies	20,552	5.4%	1.1%	-3.7%
Grocery Stores Liquor	30,798	4.6%	-0.6%	9.6%
Hardware Stores	— CONFIDENTIAL —	—	-3.0%	1.1%
Home Furnishings	29,432	-12.0%	-0.3%	4.5%
Lumber/Building Materials	19,646	-2.1%	37.0%	35.9%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	14.0%	19.1%
Restaurants Beer And Wine	20,469	-5.6%	4.5%	2.0%
Restaurants Liquor	31,352	42.3%	7.0%	8.6%
Restaurants No Alcohol	44,065	9.5%	9.6%	8.1%
Service Stations	119,517	7.1%	5.5%	1.6%
Specialty Stores	13,471	31.7%	0.2%	0.9%
<b>Total All Accounts</b>	<b>\$733,459</b>	<b>4.4%</b>	<b>37.1%</b>	<b>8.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>57,583</b>	<b>-24.7%</b>		
<b>Gross Receipts</b>	<b>\$791,042</b>	<b>1.6%</b>		