

# Q4 2010



# City of Aliso Viejo Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2010)

## Aliso Viejo In Brief

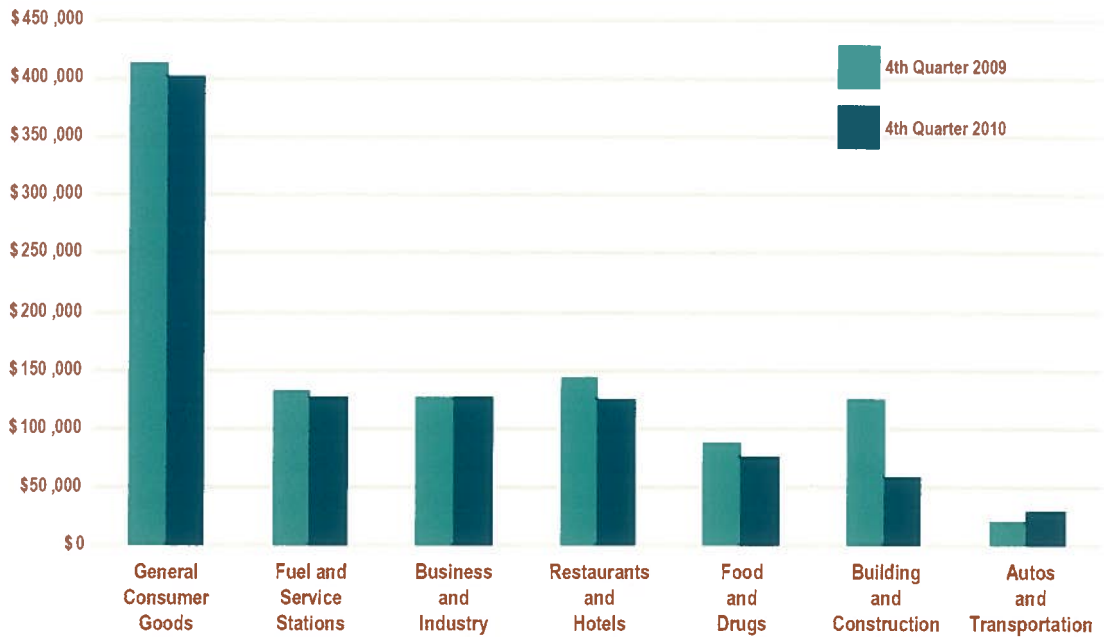
Gross receipts from Aliso Viejo's October through December sales were 10.1% lower than the same quarter of 2009, but accounting anomalies skewed the data. Actual sales slipped 3.0% with aberrations excluded.

Accounting adjustments that inflated year-ago returns overstated losses from electronics/appliances and depressed comparisons for grocery-liquor and the building & construction group. A payment deviation temporarily cut receipts from service stations. A prior business closeout in light industrial/ printers offset gains from business services and office supplies/ furniture in the business & industry group. Reporting problems negatively impacted postings from the restaurant group.

The city experienced increased sales from family apparel, art/gift/novelty stores and stationery/book stores. Payment anomalies inflated results from some outlets in the autos/transportation group.

Adjusted for onetime reporting events, sales and use tax receipts for all of Orange County increased 6.0% over the same time period: Southern California as a whole was up 6.8%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Aliso Creek Shell	Moxxor
All Hands Car Wash	Pep Boys
Aqueduct	Petsmart
Barnes & Noble	Ralphs
Buy Com	Renaissance
Chevron	ClubSport
CVS Pharmacy	Restaurants on the Run
El Dorado Hand Car Wash	Staples
Freeway Mobil	Stater Bros
Gamestop	TJ Maxx
Lowes	Target
Michaels Arts & Crafts	Tesoro Refining & Marketing
Mobil Oil	Trader Joes

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$2,828,610	\$2,751,805
County Pool	285,543	292,527
State Pool	2,714	1,399
<b>Gross Receipts</b>	<b>\$3,116,867</b>	<b>\$3,045,731</b>
<b>Less Triple Flip*</b>	<b>\$(779,217)</b>	<b>\$(761,433)</b>

\*Reimbursed from county compensation fund

**Statewide Sales Increase!**

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter of 2010 were 7.3% higher than the same quarter one year ago. This represents the fourth straight quarter of growth and the largest percentage increase since the third quarter of 2005.

Higher fuel prices and usage, robust sales of new autos and rebounds in restaurants and general consumer goods helped boost overall receipts. Capital purchases of business equipment and labor-saving technology were especially strong in the Bay Area and Southern California. A onetime use tax payment for alternative energy equipment added to San Joaquin Valley's pooled use tax totals. Excluding accounting aberrations the state's strongest regions were the San Joaquin Valley +12.5%, the Bay Area +7.7% and the Central Coast +7.1%.

**Some Problems Remain**

Although recent better than expected improvements in the state's labor markets suggest the rebound is gaining momentum, most economists believe the unemployment rate will remain in double-digits through 2012.

The large volume of unsold residential, commercial and office properties will continue to suppress new construction spending and be a drag on the economy through 2012-13. Soaring oil prices and budget cutbacks by state and local governments will have a short-term negative impact on economic growth.

Post tsunami problems in Japan are likely to cause supply shortages of autos, auto parts and various electronic components. However, the depth and duration of the impact remains unclear at this time.

**Green Energy Exemptions**

SB 71, which was pushed through the Legislature as one of last year's budget deals, authorizes the previously ob-

scure California Alternative Energy & Advanced Transportation Financing Authority (CAEATFA) to grant sales and use tax exemptions of state and local sales, use and transactions taxes for "green manufacturing" projects. There is no cap on the value of exemptions CAEATFA may approve but the Legislature must be notified if they exceed \$100 million annually. Through March, CAEATFA has approved 28 projects exempting almost \$961 million in qualified property that would have generated about \$87.5 million statewide using an average tax rate of 9.1%. Local government losses are expected to exceed \$19 million. Although approved projects are located in various areas of the state, Santa Clara and Alameda Counties have been the most impacted thus far.

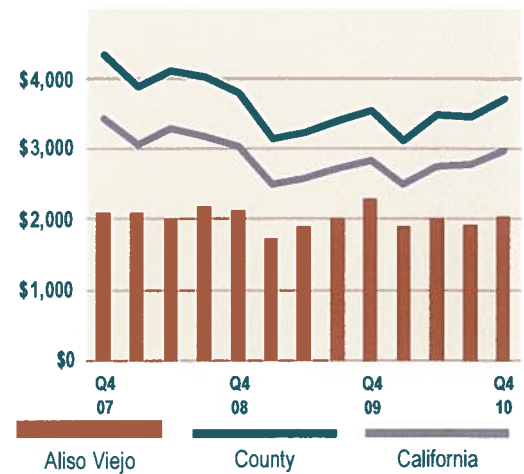
**Renewable Energy Exemptions**

In late February the CAEATFA Board of Directors postponed expansion of the exemption program with a proposed \$50 million sales and use tax exemption program for renewable

energy generation projects until early 2012 pending a better understanding of the state's fiscal condition. Industry lobbyists are pushing for a much larger program than CAEATFA originally planned.

Local governments will not be notified of applications that could affect their revenues. However, agenda notices can be obtained by visiting <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

**SALES PER CAPITA**



**ALISO VIEJO TOP 15 BUSINESS TYPES**

Business Type	Aliso Viejo		County	HdL State
	Q4 '10	Change	Change	Change
Art/Gift/Novelty Stores	23,291	10.3%	5.2%	7.6%
Business Services	43,066	26.4%	21.4%	19.6%
Clubs/Amusement Places	— CONFIDENTIAL —	—	2.2%	-4.0%
Discount Dept Stores	— CONFIDENTIAL —	—	2.3%	2.2%
Drug Stores	— CONFIDENTIAL —	—	-0.2%	0.2%
Electronics/Appliance Stores	100,156	-14.4%	6.2%	8.8%
Family Apparel	48,853	7.4%	9.0%	5.8%
Grocery Stores Liquor	49,252	-15.1%	7.1%	4.7%
Lumber/Building Materials	— CONFIDENTIAL —	—	-7.4%	-14.6%
Office Supplies/Furniture	31,479	4.5%	4.4%	5.0%
Restaurants Liquor	38,858	-2.0%	5.0%	7.9%
Restaurants No Alcohol	65,916	-0.1%	4.4%	5.5%
Service Stations	122,788	-5.0%	9.3%	13.1%
Specialty Stores	37,159	-3.5%	28.6%	7.5%
Stationery/Book Stores	20,797	2.5%	7.0%	0.4%
<b>Total All Accounts</b>	<b>\$944,412</b>	<b>-10.2%</b>	<b>5.8%</b>	<b>5.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>101,354</b>	<b>-9.6%</b>		
<b>Gross Receipts</b>	<b>\$1,045,767</b>	<b>-10.1%</b>		