

# Q2 2006



# City of Murrieta Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2006)

## Murrieta In Brief

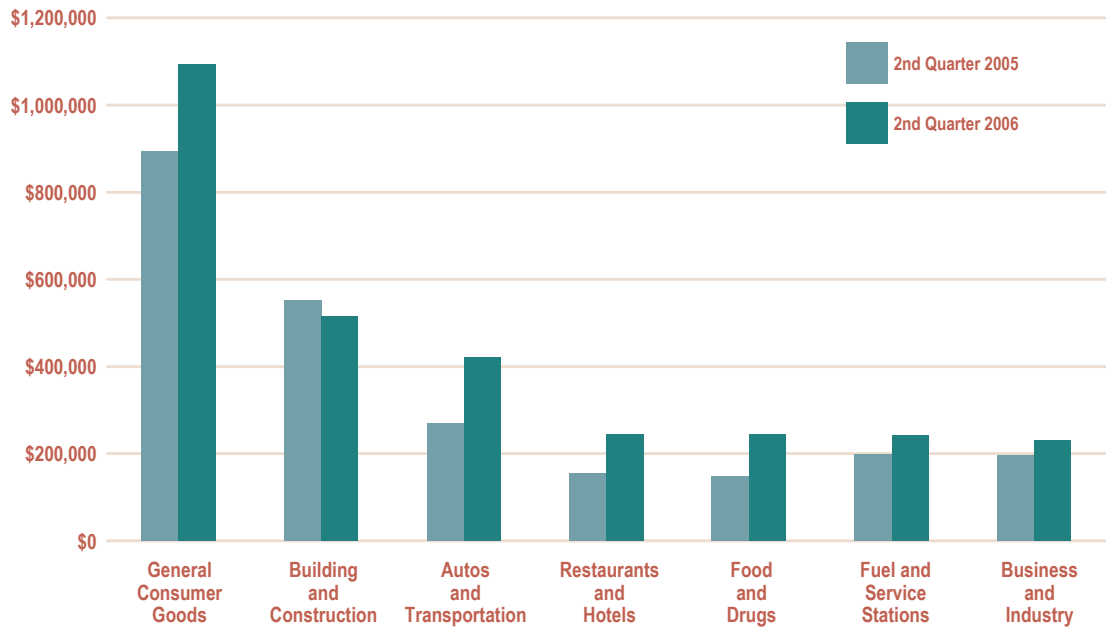
The allocation from Murrieta's spring sales quarter was 22.6% higher than the same quarter of 2005.

A solid quarter for discount department stores and new and used cars was partially responsible for the increase. Higher fuel prices and recent additions to the home furnishings, electronics/appliances, groceries and restaurant categories were also factors. Receipts from contractor supplies, used cars and boats/motorcycles were temporarily inflated by onetime reporting aberrations.

The gains were partially offset by a decline in revenues from lumber and building materials that resulted from competing store openings in an adjacent jurisdiction.

Total sales and use tax receipts for all of Riverside County increased 7.2% over the comparable time period while Southern California as a whole, was up 5.5%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

7 Eleven	Murrieta Volkswagen
Albertsons	Paradise
Arco AM PM Mini Mart	Watersports
Ashley Furniture	Pool & Electrical Products
Best Buy	Ralphs
Carriage Mitsubishi/Suzuki	Robertsons Ready Mix
Chevron USA	Sams Club
Ferguson Enterprises	Shell/Texaco
Giant Inland Empire RV Center	Superior Ready Mix Concrete
Home Depot	Target
Kohls	Temecula Motorsports
Lowe's	Wal Mart
Mobil Oil	Wickes Furniture

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2005-06	2006-07
Point-of-Sale	\$2,412,582	\$2,989,124
County Pool	294,700	330,124
State Pool	3,903	4,090
<b>Gross Receipts</b>	<b>\$2,711,185</b>	<b>\$3,323,338</b>
Less Triple Flip*	\$(677,796)	\$(830,835)

\*Reimbursed from county compensation fund

NOTES

## California's Spring Sales

Statewide receipts from retail sales and use tax payments were 5.6% higher than the second quarter of 2005. All regions of the state exhibited gains with one-fourth of the increase due to a spike in prices of fuel and petroleum related products.

Consumer spending appeared to be strong in most regions with home furnishings, electronics/appliances and apparel all showing healthy growth over the previous spring quarter. Receipts from business purchases and capital investment were also generally up although the comparisons were skewed by numerous accounting adjustments. Revenues from sales of equipment and supplies to companies in the high-tech, health-related and petroleum industries showed the most consistent gains.

The overall increase occurred despite a decline in new car sales which were down for the second quarter in a row. Mid-priced domestic nameplates continued to bear the bulk of the decrease while receipts from dealers of luxury makes and fuel efficient Asian brands remained relatively stable. Lumber and building material sales were down in Northern California and the San Joaquin Valley due to severe weather conditions.

Revenues from restaurants appeared to hold up generally well despite concerns that higher fuel prices might impact higher priced, full service establishments. Food & Drug receipts took an unexpected jump because of state processing errors that folded some early-arriving third quarter payments into the current allocation.

## Good Through 2006?

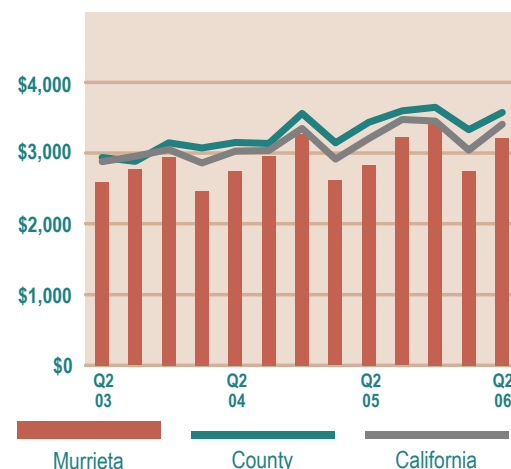
Despite concerns about the impact of the downturn in housing and auto sales, expectations by various forecasters for the remainder of 2006 are relatively optimistic. Easing fuel prices from the spring spike has relieved fed-

eral concerns about growing inflation and should reduce the strain on heavy petroleum product users. Discount retailers are also expected to benefit from a let up in fuel prices because the biggest impact has been on lower income families that are an important part of their customer base.

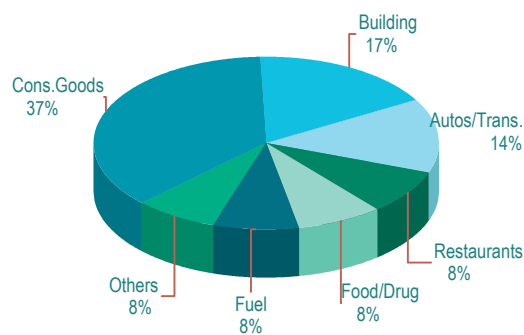
Preliminary reports are that household spending in the third quarter is up and the National Retail Federation (NRF) is predicting holiday sales to rise 5% over 2005. The weakening U.S. dollar is expected to sustain the current foreign demand for machines, computers and other equipment and help partially offset some of the employment concerns related to declining residential investment.

Even the UCLA Anderson Forecast which has been the most pessimistic tracker of the California economy, no longer believes that the state will go into recession unless job losses begin occurring in sectors outside the housing industry. Their September forecast does however, predict very slow growth in 2007 with building permits continuing to decline to 2008.

## SALES PER CAPITA



## REVENUE BY BUSINESS GROUP Murrieta This Quarter



## MURRIETA TOP 15 BUSINESS TYPES

Business Type	Murrieta		County	HdL State
	Q2 '06*	Change	Change	Change
Discount Dept Stores	— CONFIDENTIAL —			
Lumber/Building Materials	325.4	-18.8%	1.2%	-0.2%
Home Furnishings	246.8	73.7%	13.1%	9.2%
Service Stations	242.4	22.8%	24.4%	20.4%
Electronics/Appliance Stores	171.3	18.8%	0.1%	-0.6%
Restaurants No Alcohol	167.0	43.2%	5.1%	7.2%
Grocery Stores Liquor	143.9	69.2%	23.0%	14.1%
Contractors	123.3	35.9%	2.3%	8.0%
Specialty Stores	117.3	8.2%	7.5%	7.6%
Trailers/RVs	113.1	9.4%	11.5%	-3.1%
New Motor Vehicle Dealers	90.3	55.9%	5.2%	-0.6%
Family Apparel	83.4	18.7%	19.1%	13.8%
Boats/Motorcycles	82.2	155.5%	7.9%	10.9%
Plumbing/Electrical Supplies	62.4	6.4%	9.2%	18.4%
Grocery Stores Beer/Wine	60.7	90.9%	26.5%	12.2%
<b>Total All Accounts</b>	<b>\$2,989.1</b>	<b>23.9%</b>	<b>8.3%</b>	<b>7.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>334.2</b>	<b>11.9%</b>		
<b>Gross Receipts</b>	<b>\$3,323.3</b>	<b>22.6%</b>		<i>*In thousands</i>