

Q2 2009



City of Murrieta Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2009)

Murrieta In Brief

Revenues from sales occurring in the April to June quarter were 19.4% lower than the same period last year.

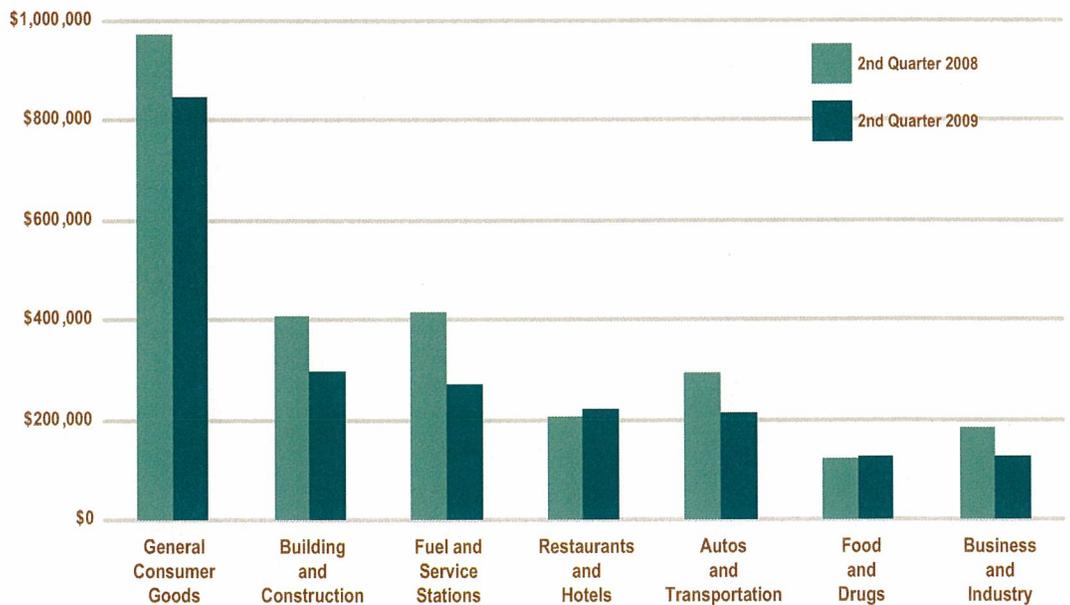
Store closures added to already depressed sales in general retail sectors. Continuing adverse economic conditions negatively impacted the sale of new autos, boats/motorcycles, trailers/RVs, business to business transactions and building materials and supplies.

The drop in fuel prices accounted for the decrease in service station returns.

New outlets boosted the family apparel and drug store categories. Temporary deviations overstated proceeds in restaurants with no alcohol.

Adjusted for reporting aberrations, taxable sales for all of Riverside County and its cities declined 21.3% over the comparable time period while the Southern California region as a whole was down 20.0%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

7 Eleven	Murrieta Hot Springs Shell
Albertsons	Murrieta Volkswagen
Best Buy	Ralphs
Burlington Coat Factory	Robertsons Ready Mix
Cal Oaks Shell	Ross
Carriage Mitsubishi/Suzuki	Sams Club
Chevron	Stater Bros
Giant Inland Empire RV Center	Target
Home Depot	Temecula Motorsports
Kalmia Gas Mart	Tesoro Refining & Marketing
Kohls	Toys R Us
Lowes	Wal Mart
Mobil Oil	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$2,599,530	\$2,101,392
County Pool	274,065	212,834
State Pool	(682)	2,091
Gross Receipts	\$2,872,912	\$2,316,316
Less Triple Flip*	\$(718,228)	\$(579,079)

*Reimbursed from county compensation fund

Statewide Trends

Adjusted for accounting aberrations, the local portion of California's sales and use tax for transactions occurring April through June were 18.4% lower than last year's comparable quarter.

All categories and regions were down with receipts from fuel, automobiles, business supplies, and construction materials exhibiting the largest reductions. This is the eighth consecutive quarter of statewide declines but subsequent reductions should become increasingly moderate as the economy bottoms out and future quarters are compared to previous record lows.

The Climb Back Up

Statistically most economists agree that the national recession bottomed out somewhere around the end of July. Minor recovery is expected in the last half of the year as companies restock depleted inventories, federal stimulus programs filter through the system, and investor confidence returns.

However, restoration of California's previous sales tax levels will lag. Unemployment is projected to increase through the first quarter of 2010 and remain weak for several quarters after. Incomes are flat, household wealth has been exhausted, inflation is in decline, and the drops in property values are not over. Lenders are less risk tolerant and previously excessive borrowers have become disciplined savers.

The California Budget Project recently concluded that it took six years for the average household to fully rebound from the jobless recovery following the recession of 2001. New consumer frugality, tight credit, and moderate job growth may result in an equally slow recovery from this recession.

Prognostications for key segments:

General Consumer Goods – Sales of personal electronics remain solid but consumers are focusing on price and necessities when it comes to apparel and other merchandise. Weak back-to-school sales and limited credit

for new stock have retailers planning lean inventories for the holiday season which is projected to be flat with only modest gains through 2010.

Transportation – Cash-for-clunkers stimulated new car sales but largely borrowed from the next two quarters. Significant recovery is not expected until the 2011 models arrive. RV, boat, and motorcycle sales may languish until the return of full employment.

Business & Industry – Sales to health providers and manufacturers of food products, energy, and information technology remain stable. Investment in equipment and supplies as a whole however, generally drops in and out of a recession four to six quarters after consumer goods. Continued declines are expected through 2010.

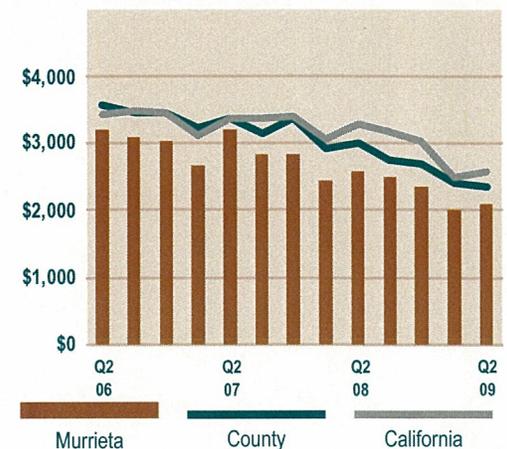
Building & Construction – Benefits from the stimulus package will be offset by state cutbacks. Projections are for weak office and commercial construction. Modest recovery in overall spending is not expected until after next summer.

Fuel & Service Stations – Lack of competition allows refiners to manip-

ulate costs of the state's environmentally friendly summer blend, but overall receipts are expected to stabilize after next quarter's comparison with the previous year's record price spike.

Grocers & Restaurants – Intense price competition has kept receipts from grocers' taxable goods down while higher-end restaurants continue to experience reduced patronage. Revenues are expected to remain flat for the next five to six quarters.

SALES PER CAPITA



MURRIETA TOP 15 BUSINESS TYPES

Business Type	Murrieta		County	HdL State
	Q2 '09*	Change	Change	Change
Discount Dept Stores	\$341.6	-3.2%	-6.4%	-4.7%
Service Stations	270.1	-34.9%	-38.6%	-36.8%
Lumber/Building Materials	161.7	-30.2%	-18.7%	-21.1%
Restaurants No Alcohol	134.7	27.4%	6.6%	2.9%
Specialty Stores	103.1	-1.4%	-11.7%	-12.3%
Home Furnishings	98.0	-26.3%	-32.0%	-20.7%
Electronics/Appliance Stores	97.7	-43.0%	-21.5%	-14.2%
Contractors	96.6	-18.7%	-29.5%	-31.1%
Family Apparel	95.6	14.7%	2.8%	-5.4%
Grocery Stores Liquor	67.5	-5.7%	-2.4%	-2.7%
New Motor Vehicle Dealers	51.5	-39.5%	-39.8%	-32.7%
Boats/Motorcycles	45.6	-14.1%	-43.4%	-42.2%
Restaurants Liquor	41.8	-9.7%	-1.5%	-5.1%
Automotive Supply Stores	37.3	-5.9%	-6.2%	-5.6%
Restaurants Beer And Wine	36.7	-7.8%	-15.0%	-12.7%
Total All Accounts	\$2,101.4	-19.2%	-21.0%	-21.2%
County & State Pool Allocation	214.9	-21.4%		
Gross Receipts	\$2,316.3	-19.4%		<i>*In thousands</i>