

Q2 2010



City of Murrieta Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2010)

Murrieta In Brief

Revenue from sales occurring in the April to June quarter were 9.1% higher than the same period last year but aberrations skewed results. With anomalies removed, actual sales rose 6.5%.

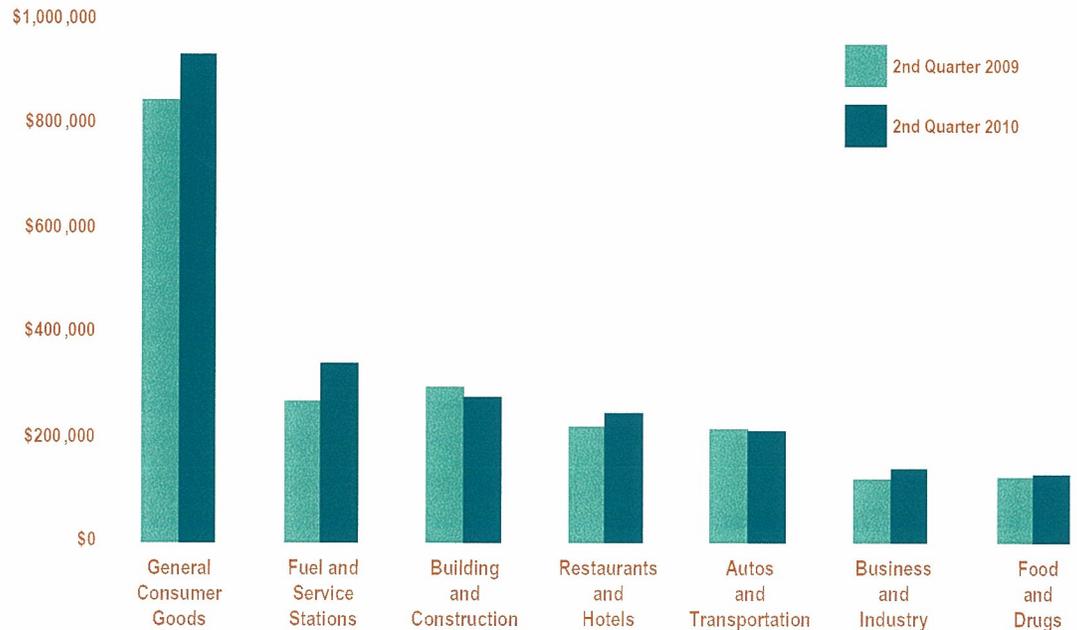
The gain from higher fuel prices in the service station group was inflated by payment deviations. Similar anomalies overstated the rise in restaurants as a whole.

New openings in discount department stores and home furnishings accounted for the increase in general retail while a onetime anomaly inflated returns in sporting goods/bike stores.

Business closures in new autos and used autos offset the gain from higher returns in boats/motorcycles and trailers/RVs. Another store closure accounted for the loss in building-related sectors.

Adjusted for reporting aberrations, taxable sales for all of Riverside County including its cities gained 5.2% over the comparable time period while the Southern California region as a whole rose 4.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Murrieta Hot Springs Shell
Albertsons	Murrieta Volkswagen
Arco AM PM	New Helio
Best Buy	Ralphs
Chevron	Ross
Giant Inland Empire RV Center	Sams Club
Home Depot	Stater Bros
Jeromes Furniture Warehouse	Target
Kalmia Gas Mart	Temecula Motorsports
Kohls	Tesoro Refining & Marketing
Lowe's	Toys R Us
Mobil Oil	Walmart
Mor Furniture For Less	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$2,101,392	\$2,288,936
County Pool	212,834	237,033
State Pool	2,091	1,218
Gross Receipts	\$2,316,316	\$2,527,187
Less Triple Flip*	\$(579,079)	\$(631,797)

*Reimbursed from county compensation fund

California Overall

Local sales and use tax revenues for sales occurring April through June 2010 were 4.7% higher than the same quarter of 2009 after accounting aberrations were factored out. However, the comparison is against a quarter that was 18.4% below the same quarter of 2008 which in turn, was 4.0% lower than the same period of 2007. Rising fuel prices were again a major part of the quarterly increase. Pent-up demand and manufacturer incentives produced impressive gains in auto and RV sales. Capital investment in technology, equipment and supplies to reduce labor and energy costs drove expanded receipts from business and industrial purchases.

Areas surrounding the Silicon Valley continue to be the center of greatest recovery though a recent up-tick in travel helped produce gains in some vacation/resort communities. The inland parts of California still lag the coastal regions.

It's Official! The Recession is Over!

The National Bureau of Economic Research (NBER) has announced that the recession ended in June of 2009. Technically, this means that economic indicators show that the economy has finally bottomed out. It does not mean that a recovery has occurred.

This year's earlier exuberance has given way to near consensus among economists that the state's recovery will be slow with less than average growth over the next two years.

The argument is that further deleveraging from years of over-spending, over-borrowing, hyper-speculative investment and unsustainable real estate prices must occur before we reach the base on which normal growth restarts. With the focus on productivity innovations rather than jobs, unemployment is expected to stay in double digits at least until the end of 2012. Sales tax revenues are expected to continue to recover but at slightly lower rates than

experienced earlier in the year from various tax credit, stimulus rebate and manufacturer incentive programs.

Green Energy Exemptions

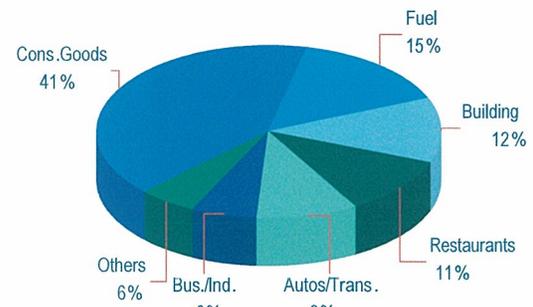
The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) has fast-tracked adoption of their emergency regulations for implementing new sales and use tax exemptions for "Green Manufacturing" authorized by SB 71, the only significant new sales tax related bill adopted in 2010 to date. The first approvals are planned for their November 17 meeting. Industry lobbyists have shut local governments out of the process and additional regulations are now being developed for exempting major alternative energy projects such as solar, geothermal and wind. There is no cap on the value of state and local sales tax losses that CAEATFA may approve.

Local governments will not be notified of applications potentially impacting their revenues. However, agenda notices can be obtained by signing up at <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Murrieta This Quarter



MURRIETA TOP 15 BUSINESS TYPES

Business Type	Murrieta		County	HdL State
	Q2 '10*	Change	Change	Change
Discount Dept Stores	\$384.4	12.5%	0.5%	0.1%
Service Stations	342.5	26.8%	27.9%	18.2%
Lumber/Building Materials	166.0	2.6%	2.2%	3.0%
Restaurants No Alcohol	157.7	17.1%	8.2%	4.6%
Home Furnishings	141.1	44.0%	7.4%	3.2%
Electronics/Appliance Stores	100.2	2.6%	14.1%	9.3%
Specialty Stores	98.7	-4.3%	3.4%	1.2%
Contractors	94.9	-3.9%	-15.0%	-6.1%
Family Apparel	89.9	-6.0%	7.5%	10.3%
Grocery Stores Liquor	67.6	0.1%	1.7%	1.0%
Boats/Motorcycles	54.4	19.2%	0.4%	-10.9%
Sporting Goods/Bike Stores	45.4	30.0%	10.9%	-0.7%
Restaurants Liquor	44.0	5.4%	8.9%	6.9%
Auto Repair Shops	41.3	17.3%	5.3%	1.7%
Automotive Supply Stores	36.6	-1.9%	7.4%	4.8%
Total All Accounts	\$2,288.9	8.9%	7.1%	7.4%
County & State Pool Allocation	238.3	10.9%		
Gross Receipts	\$2,527.2	9.1%		<i>*In thousands</i>