

Q2 2010



City of Poway Sales Tax Update

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

Poway In Brief

Receipts from April through June sales dipped 0.3% from the same period one year earlier.

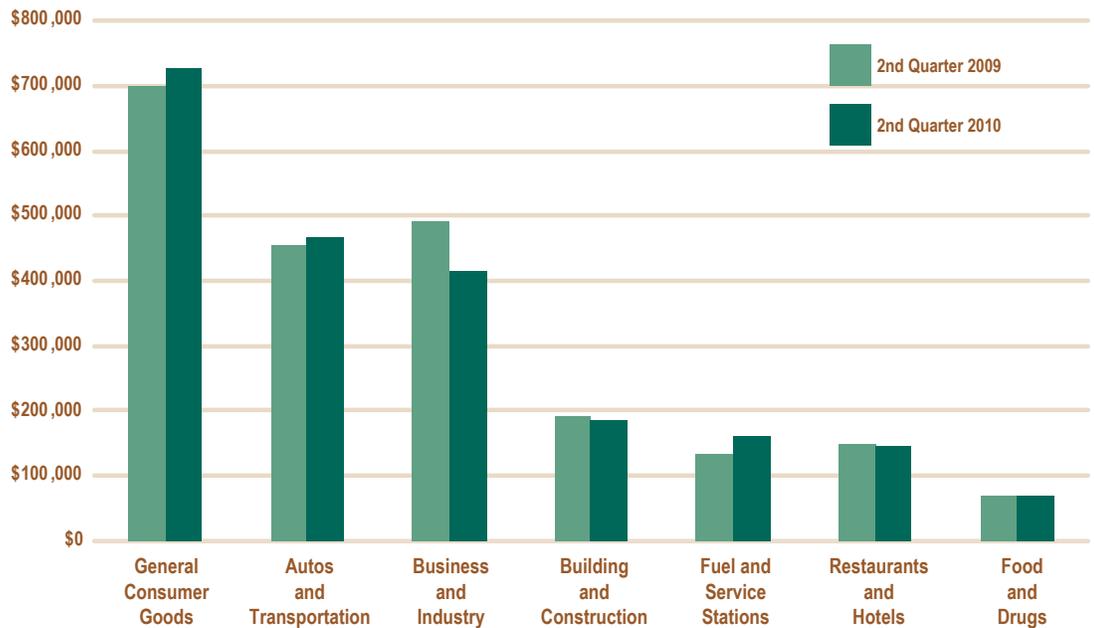
Declines principally affected the electrical equipment, heavy industrial, textiles/furnishings, family apparel and restaurant-no alcohol groups. Business closeouts cut electrical equipment and textiles & furnishings totals. Temporary reporting aberrations further reduced electrical equipment proceeds and pared heavy industrial results.

Service stations, pushed up by higher gasoline prices, new motor vehicle dealer, auto supply store, light industrial/printers and office supplies/furniture showed increases over the prior year's totals, but a retroactive payment adjustment inflated new auto gains.

The city also benefited from a 6% increase in its allocation from the countywide use tax pool. Onetime use tax payments bolstered total pool collections and therefore, the city's total pool receipts.

Net of accounting adjustments, all of San Diego County was up 6.5%; statewide sales grew 4.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Apro	Mobil Oil
Chevron	Mossy Nissan
Complete Office	Perry Ford
Costco	Poway Honda
Exoil	Poway Mitsubishi Hyundai & Vespa
Ferguson Waterworks	Poway Toyota/Scion
G & M Oil	Probuild
Greiner Buick Pontiac GMC	Stater Bros
Home Depot	Stein Mart
Home Goods	Sysco Food Services
Kohls	Target
Maintex	Walmart
Mitchell Repair Info	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$9,395,101	\$8,914,511
County Pool	1,058,600	1,044,597
State Pool	7,716	6,884
Gross Receipts	\$10,461,417	\$9,965,991
Less Triple Flip*	\$(2,615,354)	\$(2,491,498)

*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.

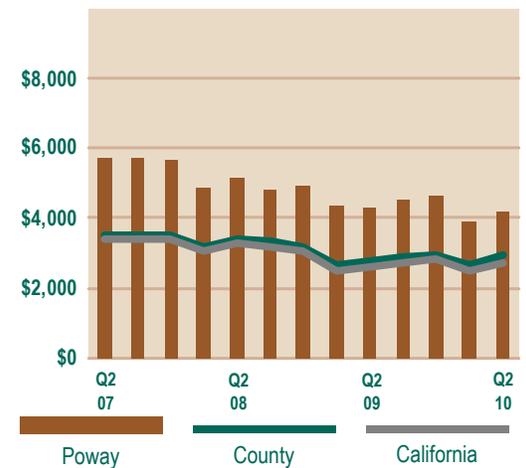
Green Energy Exemptions

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.

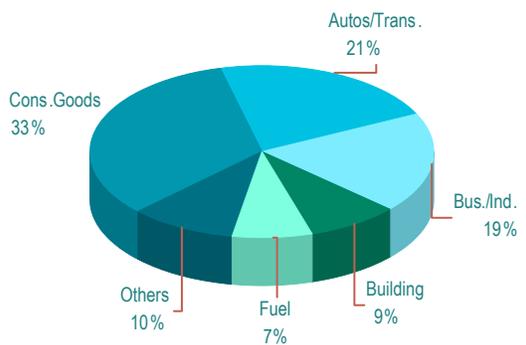
Local governments will not be notified of applications potentially impacting their revenues. However, agenda notices can be obtained by signing up at <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Poway This Quarter



POWAY TOP 15 BUSINESS TYPES

Business Type	Poway		County	HdL State
	Q2 '10*	Change	Change	Change
Discount Dept Stores	\$507.0	2.1%	0.3%	0.1%
New Motor Vehicle Dealers	349.7	6.1%	18.3%	16.5%
Service Stations	160.7	21.9%	18.9%	18.2%
Lumber/Building Materials	97.8	1.3%	3.5%	2.9%
Light Industrial/Printers	84.6	29.9%	3.9%	14.7%
Restaurants No Alcohol	71.5	-7.4%	8.8%	4.6%
Office Supplies/Furniture	71.4	8.1%	6.3%	9.4%
Food Mfg.	68.8	-1.9%	-4.2%	-1.1%
Plumbing/Electrical Supplies	59.3	44.9%	5.6%	9.2%
Department Stores	44.2	117.8%	5.5%	2.0%
Family Apparel	42.8	-15.1%	15.3%	10.4%
Specialty Stores	41.7	-4.5%	4.1%	1.4%
Automotive Supply Stores	38.0	5.9%	6.5%	4.8%
Electrical Equipment	37.0	-56.1%	15.6%	24.9%
Grocery Stores Liquor	36.9	-3.5%	0.9%	1.0%
Total All Accounts	\$2,171.7	-0.9%	7.0%	7.4%
County & State Pool Allocation	256.9	5.6%		
Gross Receipts	\$2,428.6	-0.3%		<i>*In thousands</i>