

# Q4 2009



# City of Poway Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2009)

## Poway In Brief

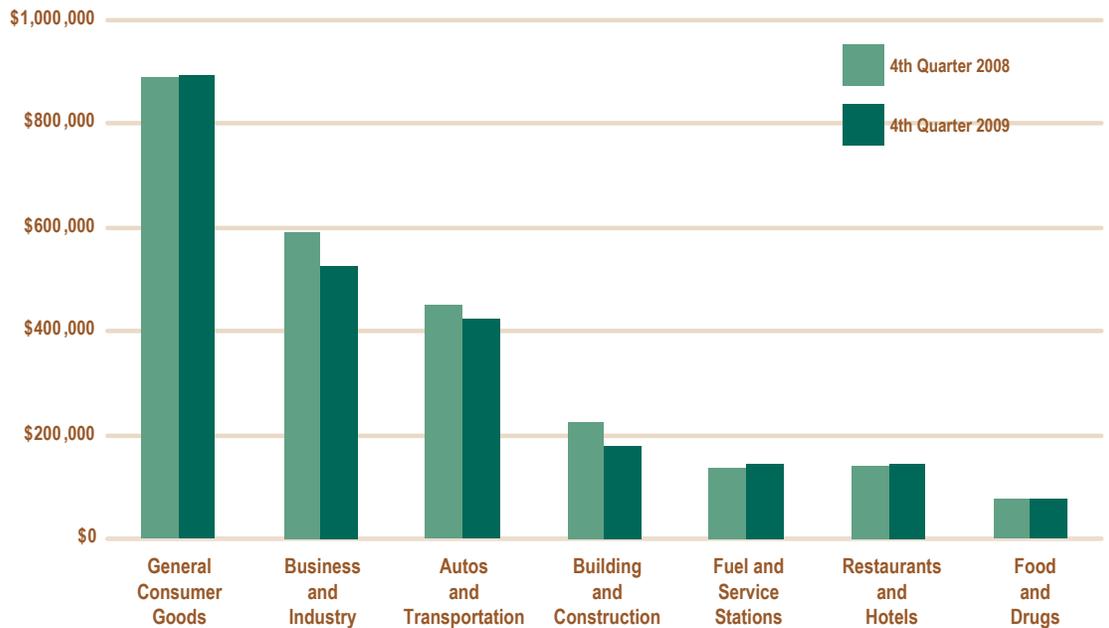
Receipts from Poway's October through December sales were 4.2% less than the same quarter of 2008, but accounting aberrations skewed the data. Actual sales were down 8.4% after anomalies were factored out.

Lower sales activity, a business closeout and payment deviations cut postings from the business/ industry group although declines were partially offset by gains from a recent addition and a onetime use tax payment in the electrical equipment category. Accounting anomalies in both periods distorted the new car dealer comparison. Proceeds that were incorrectly allocated temporarily depressed returns from the general consumer goods group overall. Lower prices and demand for products cut receipts from several classifications in the building/construction group.

Losses were offset by increases from discount department stores, a new family apparel outlet and higher prices at the pump. Accounting deviations inflated results from restaurants with no alcohol, business services and auto supply.

Adjusted for anomalies, taxable sales for all of San Diego County dipped 5.2% over the same period of time; Southern California as a whole dropped 6.8%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS In Alphabetical Order

Apro	Kohls
Climatec	Mitchell Repair Info
Cohu	Mobil Oil
Complete Office	Mossy Nissan
Costco	Perry Ford
Exoil	Poway Honda
Ferguson	Poway Mitsubishi
Waterworks	Hyundai & Vespa
Furniture Resources	Poway Toyota/Scion
General Atomics	Russelectric
Aernutcl Sys	Stater Bros
Greiner Buick	Sysco Food
Pontiac GMC	Services
Home Depot	Target
Home Goods	Wal Mart

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$4,982,043	\$4,697,840
County Pool	562,580	529,989
State Pool	3,895	4,489
<b>Gross Receipts</b>	<b>\$5,548,518</b>	<b>\$5,232,318</b>
<b>Less Triple Flip*</b>	<b>\$(1,387,130)</b>	<b>\$(1,308,079)</b>

\*Reimbursed from county compensation fund

**California Overall**

Local allocations for sales occurring October through December were 6.7% lower than last year's holiday quarter after adjusting for accounting aberrations.

All regions experienced declines. The largest reductions were in building and construction materials and business equipment and supplies. Shoppers generally favored discount stores and value-oriented apparel to traditional department stores and specialty shops. However, a few high end chains also posted gains. A rise in new car sales was offset by declining revenues from auto leases and continuing drops in sales of RVs, boats and motorcycles. The quarter's largest statewide increases were from value oriented family apparel and from rising service station prices.

**Short Term Recovery Projected**

Most economists and trade analysts are cautiously optimistic that there will be recovery over the next two or three quarters. Stabilization of home prices and the recovering stock market have made the still employed more confident about making purchases that were avoided during the bottom of the recession. Lower prices have also stretched the discretionary income available to make those purchases.

They see banks beginning to lend again while the restocking of depleted inventories is stimulating industrial production. Other factors adding to the optimism are increased demands for American exports, renewed spending on technology and software and a recent uptick in California's entertainment industry.

**The Budget Conundrum**

There is general agreement that the current recovery is fragile and that California will trail the nation. However, there is sharp disagreement on its durability. Most analysts believe that as long as the current demand for exports continues, the other previously cited factors will sustain a slow recovery.

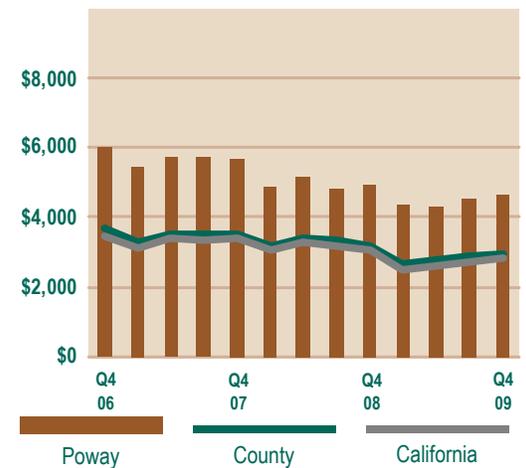
Others argue that a second dip in the recession is likely. They maintain that the current recovery is a "bubble" created by unsustainable tax cuts, federal stimulus spending, low interest loans and modification programs that mask and only delay inevitable foreclosures. Further, the pending resetting of large numbers of adjustable rate home mortgages and need to refinance \$500 billion in commercial loans is being ignored. Until we suffer the consequences from those losses they say, the end of federal bailouts will simply send us back into a recession. Both sides express concerns about the sufficiency of future job opportunities.

**Recovery and Sales Tax**

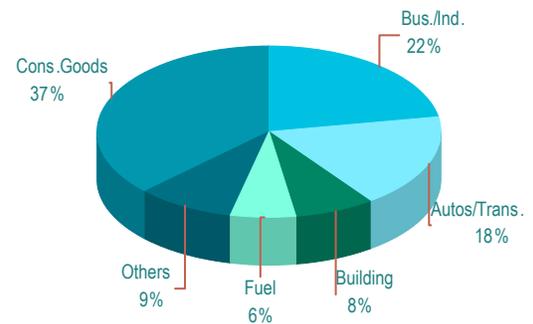
It will be slow, spotty and uncertain. Gains from value priced consumer goods, technology, medical focused industries and higher fuel prices are expected. The increase from incentive driven car sales should continue for another quarter or two.

The outlook for a recovery from building and construction materials remains pessimistic while restaurants and other categories are expected to be flat or decline further.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Poway This Quarter



**POWAY TOP 15 BUSINESS TYPES**

Business Type	Poway		County	HdL State
	Q4 '09*	Change	Change	Change
Discount Dept Stores	\$676.8	2.7%	1.4%	1.8%
New Motor Vehicle Dealers	308.9	-2.1%	2.7%	1.1%
Service Stations	144.4	5.0%	4.9%	7.0%
Electrical Equipment	110.4	32.1%	-14.5%	-17.3%
Lumber/Building Materials	92.9	-9.8%	-4.9%	-0.4%
Office Supplies/Furniture	84.2	-6.7%	-3.3%	-7.9%
Restaurants No Alcohol	77.1	7.5%	-1.6%	-2.3%
Light Industrial/Printers	70.6	-23.9%	-22.8%	-24.1%
Family Apparel	70.3	17.0%	8.4%	9.4%
Farm Products/Equipment	68.5	-11.9%	-6.0%	-2.3%
Grocery Stores Liquor	43.1	-3.8%	-3.9%	2.1%
Plumbing/Electrical Supplies	40.3	-22.9%	-18.2%	-16.4%
Business Services	38.9	45.9%	19.6%	-1.9%
Automotive Supply Stores	37.0	17.0%	0.1%	-1.7%
Specialty Stores	37.0	-3.5%	-2.1%	-5.8%
<b>Total All Accounts</b>	<b>\$2,387.2</b>	<b>-5.0%</b>	<b>-5.9%</b>	<b>-5.9%</b>
<b>County &amp; State Pool Allocation</b>	<b>276.9</b>	<b>3.0%</b>		
<b>Gross Receipts</b>	<b>\$2,664.1</b>	<b>-4.2%</b>		<i>*In thousands</i>