

# Q2 2009



# Temple City Sales Tax *Update*

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

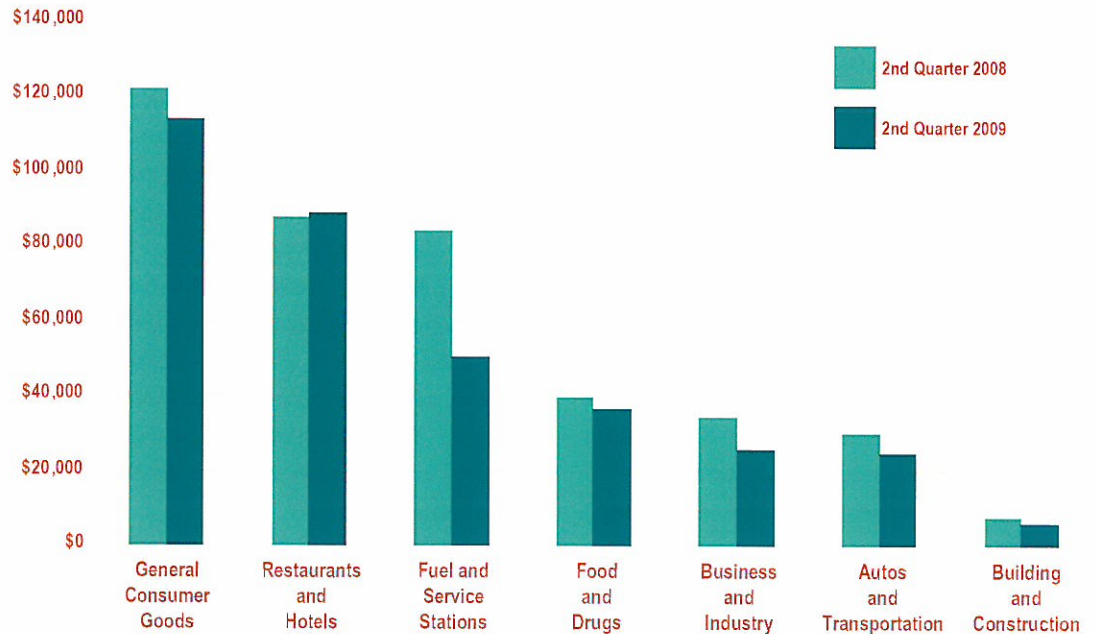
## Temple City In Brief

Receipts for Temple City's second quarter sales were 14.0% lower than the same quarter one year ago. Actual sales were down 14.4% when reporting aberrations were factored out.

Lower fuel prices that reduced revenues from service stations were primarily responsible for the current decrease. The city experienced a decline in sales from the autos & transportation, business & industry and general consumer goods sectors. A business closeout caused the drop in food & drugs.

Adjusted for reporting aberrations, taxable sales for all of Los Angeles County declined 20.1% over the comparable time period.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS In Alphabetical Order

99 Cents Only	Peters Mobile Service
Apollo Super Burger	Ralphs
Applebees	Rite Aid
AT&T Mobility	Seafood Village
Chevron	Star Maintenance Supply
CVS Pharmacy	Super Pets
Hat	Temple City Powersports
Hometown Buffet	Temple City Shell
In N Out Burgers	TJ Maxx
K Mart	Valu Mart
McDonalds	Zen Buffet
Modern Lighting	
Office Depot	
Pep Boys	

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$404,626	\$345,173
County Pool	42,251	38,700
State Pool	(106)	347
<b>Gross Receipts</b>	<b>\$446,771</b>	<b>\$384,220</b>
Less Triple Flip*	\$(111,693)	\$(96,055)

\*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.

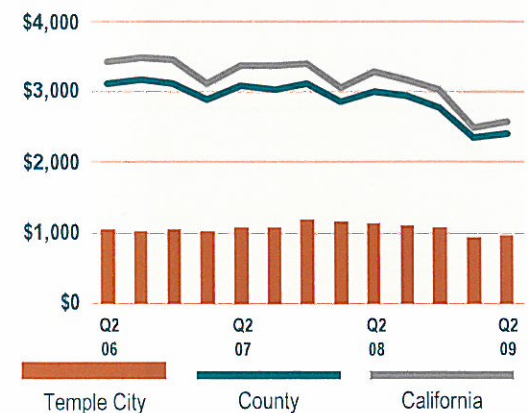
**Building & Construction** - Benefits from the stimulus package will be offset by state cutbacks. Projections are for weak office and commercial construction. Modest recovery in overall spending is not expected until after next summer.

**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**



**TEMPLE CITY TOP 15 BUSINESS TYPES**

Business Type	Temple City		County	HdL State
	Q2 '09	Change	Change	Change
Restaurants No Alcohol	\$67,484	0.4%	0.3%	2.8%
Service Stations	50,259	-40.2%	-39.3%	-36.7%
Discount Dept Stores	— CONFIDENTIAL —	—	-3.3%	-4.7%
Family Apparel	26,972	13.5%	-9.4%	-5.5%
Specialty Stores	20,349	-13.8%	-16.0%	-12.5%
Grocery Stores Liquor	17,772	-16.0%	-4.8%	-2.6%
Office Supplies/Furniture	11,975	-25.9%	-21.1%	-26.1%
Restaurants Beer And Wine	11,879	18.1%	-11.3%	-12.5%
Drug Stores	10,784	0.8%	5.9%	0.2%
Automotive Supply Stores	9,365	0.2%	-7.4%	-5.5%
Electronics/Appliance Stores	9,226	17.2%	-16.6%	-14.2%
Restaurants Liquor	9,151	-12.7%	-5.9%	-5.2%
Boats/Motorcycles	— CONFIDENTIAL —	—	-42.5%	-42.2%
Auto Repair Shops	6,224	26.2%	-14.1%	-13.8%
Home Furnishings	5,690	-19.1%	-21.7%	-20.5%
<b>Total All Accounts</b>	<b>\$345,173</b>	<b>-14.7%</b>	<b>-20.2%</b>	<b>-21.2%</b>
<b>County &amp; State Pool Allocation</b>	<b>39,047</b>	<b>-7.4%</b>		
<b>Gross Receipts</b>	<b>\$384,220</b>	<b>-14.0%</b>		