

# Q4 2009



# City of Paso Robles Sales Tax *Update*

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

## Paso Robles In Brief

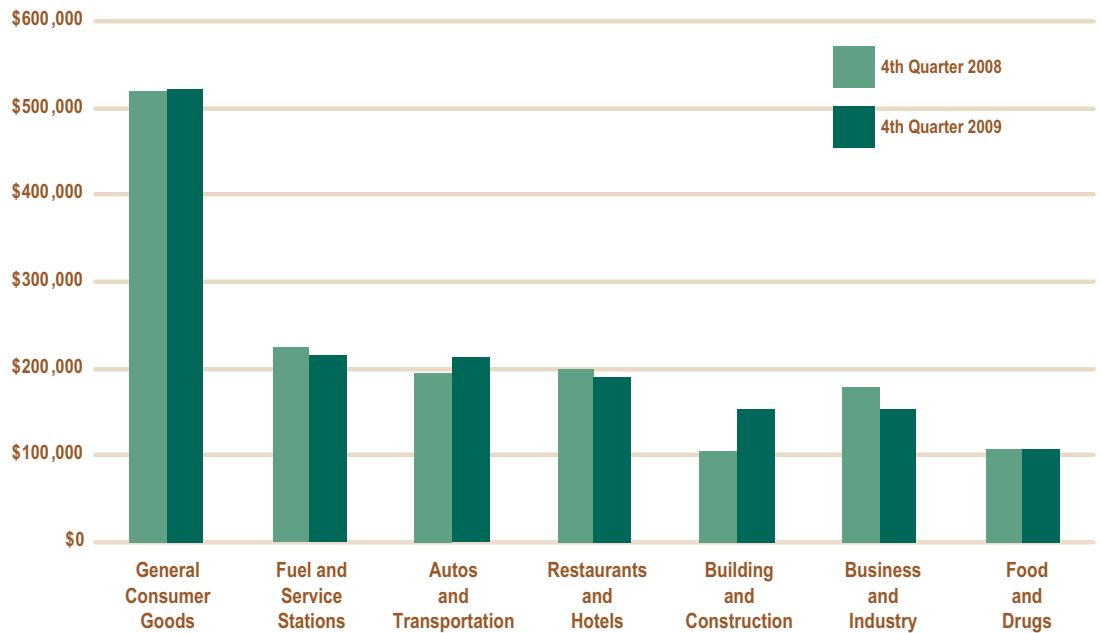
Receipts for Paso Robles' October through December sales were 3.3% higher than the same quarter one year ago. Actual sales activity was down 2.4% when reporting aberrations were factored out.

A new business addition helped boost revenues 196.1% from lumber/building materials; however, the gain was exaggerated by a one-time reporting aberration. Lumber/building materials were actually up 21.4% after adjusting for this and other aberrations. The city experienced a strong sales quarter from new autos, trailers/RVs, contractor supplies, and family apparel. Higher fuel prices plus the addition of a new business boosted revenues from service stations.

The gains were partially offset by a decline in sales from home furnishings, grocery stores with liquor, and restaurants without alcohol. Double-up payments that temporarily inflated year ago comparisons exaggerated the drop from light industrial/printers.

Adjusted for aberrations, taxable sales for all of San Luis Obispo County declined 10.6% over the comparable time period, while the Central Coast region as a whole was down 6.0%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Albertsons	Paso Robles Ford
AM PM Mini Mart	Lincoln Mercury
Chevron	Paso Robles GMC Truck
Chevron	Rite Aid
Chevron	Ross
Exxon	San Luis Bay
Farm Supply	Suzuki Kia
Food 4 Less	Santa Cruz
JB Dewar	Biotechnology
JC Penney	Sky River
Kohls	Target
Lowe's	Valero Corner
Orchard Supply Hardware	Vons
Paso Robles Chevrolet	Wal Mart
Cadillac	

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2008-09	2009-10
<b>Point-of-Sale</b>	\$4,890,961	\$4,524,153
<b>County Pool</b>	511,829	473,530
<b>State Pool</b>	2,107	4,358
<b>Gross Receipts</b>	<b>\$5,404,897</b>	<b>\$5,002,041</b>
<b>Less Triple Flip*</b>	\$ (1,351,224)	\$ (1,250,510)

\*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.

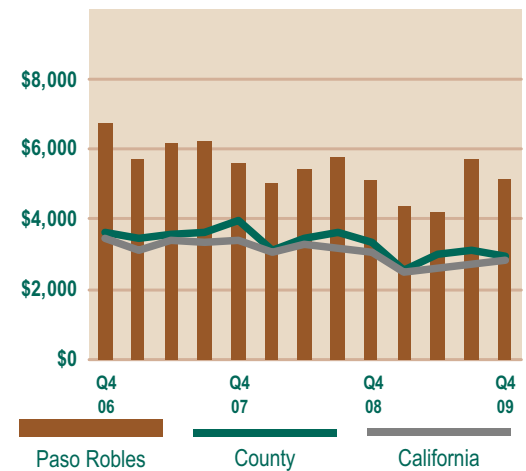
Others argue that a second dip in the recession is likely. They maintain that the current recovery is a "bubble" created by unsustainable tax cuts, federal stimulus spending, low interest loans and modification programs that mask and only delay inevitable foreclosures. Further, the pending resetting 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

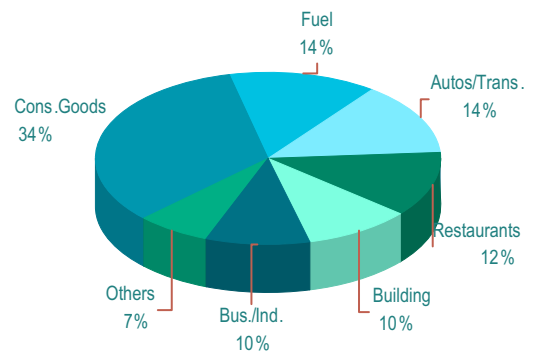
It will be slow, spotty and uncertain. Gains from value priced consumer goods, technology, medical focused industries and higher fuel prices are expected. The increase from incentive driven car sales should continue for another quarter or two.

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 Paso Robles This Quarter



## PASO ROBLES TOP 15 BUSINESS TYPES

Business Type	Paso Robles		County	HdL State
	Q4 '09*	Change	Change	Change
Discount Dept Stores	— CONFIDENTIAL —		1.2%	1.8%
Service Stations	175.8	13.0%	3.8%	7.0%
New Motor Vehicle Dealers	119.3	17.3%	6.9%	1.1%
Lumber/Building Materials	94.1	196.1%	6.1%	-0.5%
Family Apparel	73.5	9.7%	18.6%	9.4%
Restaurants Liquor	68.1	6.9%	-0.5%	-0.2%
Grocery Stores Liquor	67.1	-6.6%	-5.7%	2.1%
Restaurants No Alcohol	66.6	-16.5%	1.1%	-2.3%
Restaurants Beer And Wine	42.2	-2.3%	-3.2%	-9.8%
Petroleum Prod/Equipment	38.5	-21.8%	-12.8%	-22.9%
Automotive Supply Stores	32.9	19.2%	5.3%	-1.7%
Garden/Agricultural Supplies	31.5	28.4%	-8.4%	-7.7%
Electronics/Appliance Stores	31.3	13.6%	-4.3%	-2.6%
Trailers/RVs	30.4	26.8%	-35.6%	-7.4%
Contractors	22.4	8.2%	-24.4%	-22.9%
<b>Total All Accounts</b>	<b>\$1,553.1</b>	<b>1.7%</b>	<b>-10.7%</b>	<b>-5.9%</b>
<b>County &amp; State Pool Allocation</b>	<b>180.7</b>	<b>19.2%</b>		
<b>Gross Receipts</b>	<b>\$1,733.7</b>	<b>3.3%</b>		<i>*In thousands</i>