

# Q1 2008



# City of Lemoore Sales Tax Update

Second Quarter Receipts for First Quarter Sales (Jan-Mar 2008)

## Lemoore In Brief

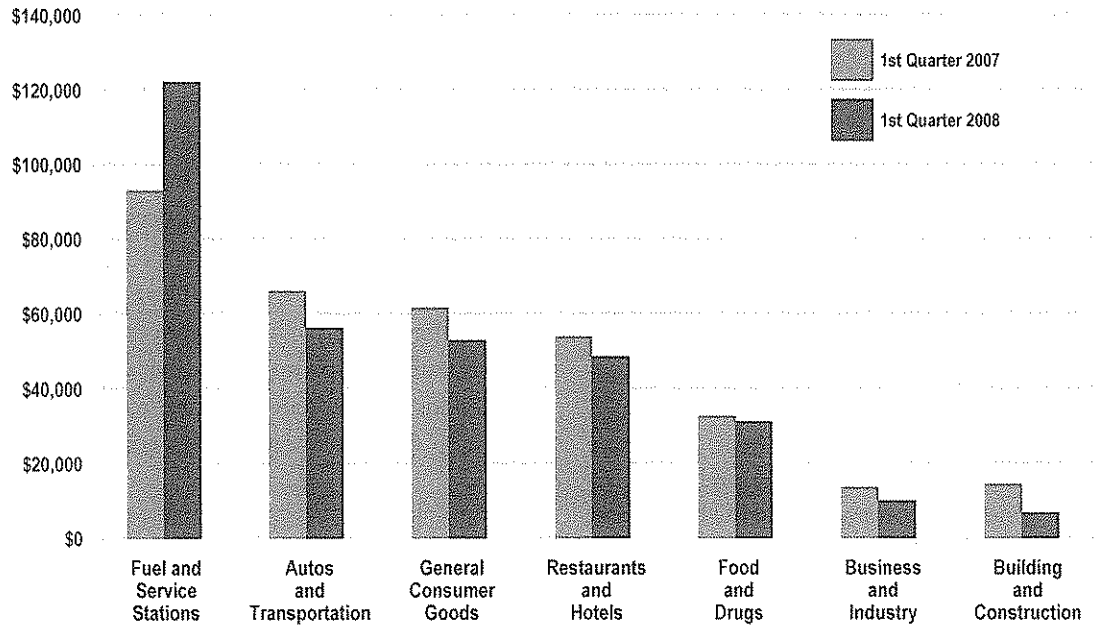
First quarter receipts were 3.4% lower than one year ago but payment aberrations skewed the data. With anomalies excluded, actual results dropped 7.2%.

Six of seven major business groups declined; the only exception was the Fuel & Service Station group which was propelled by higher fuel prices. Autos & Transportation results continued their decline as they did in most areas of the state. Building & Construction and General Consumer Goods totals reflected the combined effects of the housing slump and shrinking credit availability. Restaurant totals also decreased but accounting adjustments exaggerated the drop.

Payment adjustments that temporarily inflated proceeds in the comparison period caused the apparent decrease in the Food & Drugs group.

With accounting aberrations factored out, all of Kings County grew 1.2%, the state fell 4.5%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Lemoore Mini Mart
Auto Zone	Lemoore Mobil
B & C Enterprises	Leprino Foods
Billingsley Tire	Little Ceasars Pizza
Bob Williams Chevrolet	McDonalds
Chevron	Rite Aid
Dassels Petroleum	Royer Cycle and Marine
Diamond Cut Glass	Save Mart
Fastrip	Taco Bell
Gary Burrows	West Hills College Student Body
Golden Gate Shell	Western RV Center
Jack in the Box	
K Mart	
KFC	

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2006-07	2007-08
Point-of-Sale	\$1,527,173	\$1,559,166
County Pool	240,628	242,867
State Pool	2,162	753
Gross Receipts	\$1,769,964	\$1,802,786
Cty/Cnty Share	(35,399)	(36,056)
Net Receipts	\$1,734,564	\$1,766,731
Less Triple Flip*	\$(433,641)	\$(441,683)

\*Reimbursed from county compensation fund

NOTES

**CALIFORNIA OVERALL**

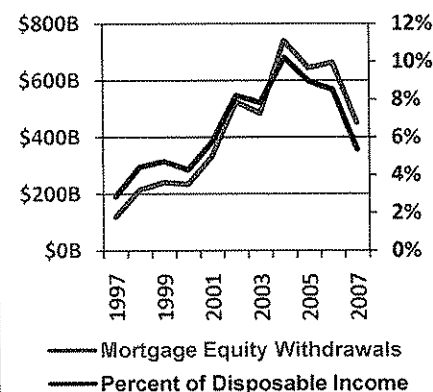
Statewide sales tax receipts for January through March sales dropped 4.5% from the same quarter of 2007 when reporting aberrations were factored out. The decline continued to be led by new car sales which were down 18.6%. Building-related materials posted a decrease of 14.3% while general consumer goods dropped 5.4%.

Previous predictions that this quarter would be at the bottom after the spending bubble burst are beginning to fade. Auto dealers report continuing slides and the International Council of Shopping Centers predicts 2008's store closings to be the most since 2001. The UCLA Anderson Forecast is that the economy will be sluggish for at least another 18 months.

**SALES TAX AND THE HOUSING BUBBLE**

A new Harvard University study provides some insight into the impact that the housing slump has on consumer spending. The researchers concluded that the combined effects of fewer home starts and falling prices cut national economic growth by almost 1.5% in 2007.

In addition to the "reverse multiplier" effect that lost wages in the construction industry has had on consumer spending, the decline in home prices has substantially reduced the amount of discretionary spending that occurred from borrowing against the rising market value of homes.



These cash-outs, referred to as "Mortgage Equity Withdrawals" (MEWs), fell from a high of 10% of the country's personal disposable income in

2004 to approximately 2% in the first quarter of this year.

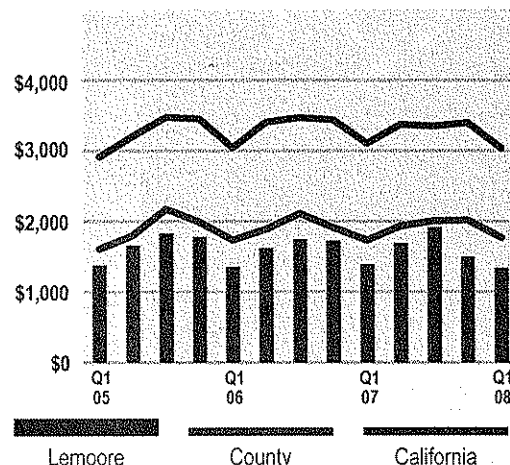
Consumer spending tends to lag changes in income, both up and down. As MEWs fell in the latter half of 2007, consumers used their credit cards to continue spending. Credit card companies, including American Express, now report alarming rises in late payments suggesting that many consumers are about tapped out.

An example of Harvard's conclusion that homeowners' disposable spending is partially related to changes in home values recently came from Home Depot. The company attributes its current decline to the fact that 50-60% of its sales are normally from major improvement projects that customers are deferring as home values slip.

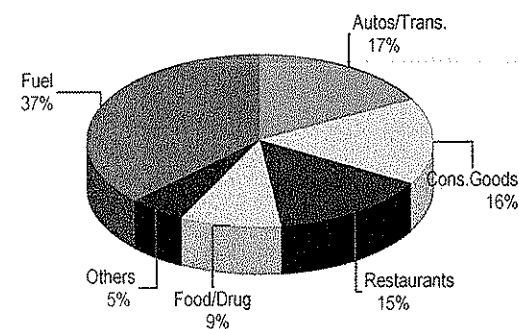
Analysts, including Chapman University's, are predicting that housing prices will continue to drop into 2009. If this is so, it adds another gloomy aspect to the timing for a recovery in sales tax growth.

The full Harvard study can be reviewed at [www.jchs.harvard.edu/](http://www.jchs.harvard.edu/).

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Lemoore This Quarter



**LEMOORE TOP 15 BUSINESS TYPES**

Business Type	Lemoore		County	HdL State
	Q1 '08	Change	Change	Change
Service Stations	\$79,461	23.6%	31.7%	18.6%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	34.2%	58.1%
Discount Dept Stores	— CONFIDENTIAL —	—	0.1%	-2.1%
Restaurants No Alcohol	31,872	6.6%	8.1%	2.7%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	27.9%	-17.4%
Automotive Supply Stores	17,457	7.1%	-8.9%	-2.8%
Grocery Stores Liquor	— CONFIDENTIAL —	—	12.8%	0.5%
Boats/Motorcycles	— CONFIDENTIAL —	—	-46.1%	-22.2%
Restaurants Beer And Wine	8,973	-43.3%	-13.6%	-5.6%
Restaurants Liquor	6,807	-2.4%	-0.9%	7.2%
Grocery Stores Beer/Wine	6,711	-5.1%	-4.6%	-1.5%
Trailers/RVs	— CONFIDENTIAL —	—	397.5%	-34.1%
Paint/Glass/Wallpaper	— CONFIDENTIAL —	—	-25.5%	-19.5%
Drug Stores	— CONFIDENTIAL —	—	62.8%	2.9%
Government/Social Org.	5,553	29.1%	28.4%	1.6%
<b>Total All Accounts</b>	<b>\$327,783</b>	<b>-2.2%</b>	<b>4.2%</b>	<b>-1.2%</b>
<b>County &amp; State Pool Allocation</b>	<b>48,332</b>	<b>-10.5%</b>		
<b>Gross Receipts</b>	<b>\$376,115</b>	<b>-3.4%</b>		
City/County Share	(7,522)	3.4%		
<b>Net Receipts</b>	<b>\$368,593</b>	<b>-3.4%</b>		