

Q4  
2007



# Rancho Cucamonga Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2007)

## Rancho Cucamonga In Brief

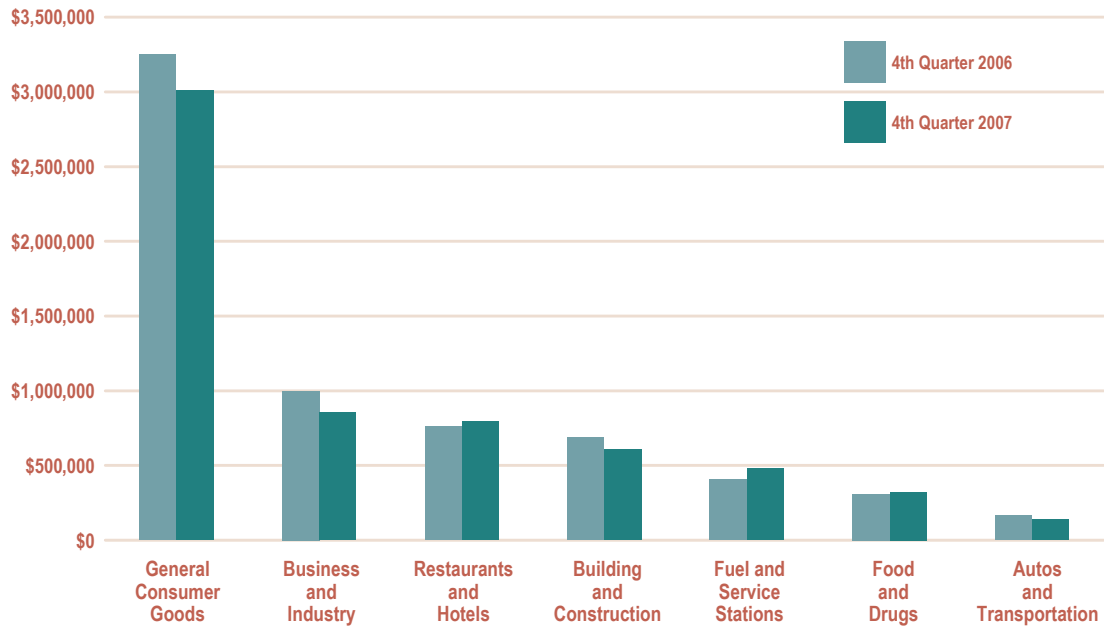
Gross receipts from the city's fourth quarter sales were 7.2% lower than the same period one year ago.

Receipts from discount department and electronics/appliance stores declined after competing outlets opened within the market area although a business closure was a major factor for the drop from the latter category. Department stores, home furnishings, and the Building/Construction and Autos/Transportation groups posted weak results as they did in most areas of the state. A combination of accounting anomalies, business closures and lagging sales cut receipts from several classifications within the Business and Industry group. A smaller allocation from the countywide sales tax pool was also a factor for the overall decline.

Recent additions produced gains from sporting goods/bike shops and restaurants serving liquor while higher prices at the pump lifted service station receipts. Accounting deviations inflated comparisons for heavy industry and restaurants serving beer and wine.

Adjusted for aberrations, taxable sales for all of San Bernardino County were down 6.3% over the same time period.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

In Alphabetical Order

Ameron International	Lowe's
Apple Computer	Macy's
Arco AM PM Mini Mart	Mervyn's
Bass Pro Shops	Novartis Animal Health
Outdoor World	Rancho Mobil
Best Buy	Sears Grand
Chevron	Southwire Company
Circuit City	Tamco
Costco	Target
Day Creek AM PM	Tesoro Refining & Marketing
Home Depot	Wal Mart
JC Penney	Walters Wholesale Electric
Kayo Oil	
Living Spaces Furniture	

## REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2006-07	2007-08
Point-of-Sale	\$18,629,730	\$18,235,828
County Pool	1,980,675	1,526,402
State Pool	27,783	8,539
<b>Gross Receipts</b>	<b>\$20,638,188</b>	<b>\$19,770,768</b>
<b>Less Triple Flip*</b>	<b>\$(5,159,547)</b>	<b>\$(4,942,692)</b>

\*Reimbursed from county compensation fund

## DECLINES IN SALES TAX REVENUES CONTINUE

Statewide tax receipts suggest lumps of coal were found in some Christmas stockings during 2007's fourth quarter. The 2.6% decline from the same period last year was the third straight quarter that receipts were either flat or down from prior year sales activity.

The 11.2% drop in auto sales and 14.5% decline in building/construction materials were somewhat more severe than anticipated. The surprise was a 3% drop in holiday spending on general consumer goods with traditional department stores, furniture and specialty stores exhibiting the greatest decreases.

The losses were partially offset by gains from rising prices of food, drugs and fuel. Restaurants managed to eek out a 1.1% increase over the previous holiday quarter although that gain may have also been price related.

Only Imperial, San Luis Obispo and Ventura Counties showed significant fourth quarter increases. But all benefited from onetime payments related to various energy projects or other anomalies, not gains in on-going sales activities.

Initial reports indicate that June receipts for sales occurring January through March of 2008 will be equally dismal. Auto dealers are expected to report another quarter of double digit declines and revenues from apparel, general consumer goods and restaurants are projected to be flat or down. The recent spike in fuel prices should produce another positive quarter for fuel and service stations and partially offset losses in other categories.

### WILL 2008-2009 BE BETTER?

Economists expect sales declines to bottom out during the next fiscal year but are uncertain on when in that year the bottom will hit.

Auto manufacturers are hoping for a slight rebound in sales in the second

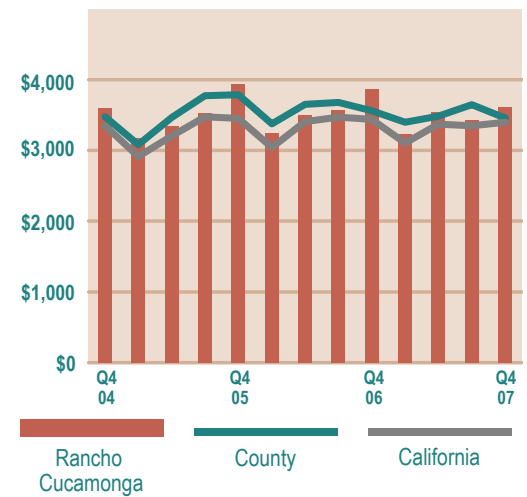
half of 2008 and into 2009. A recovery in public, commercial and industrial construction could stabilize tax receipts from building supplies although a rebound from housing related goods and materials is not expected until 2010 or 2011.

The instability of world crude oil prices, reduced refinery production and the coming seasonal driving peak are expected to maintain high fuel prices through late summer and compete with other consumer spending.

The weak dollar should continue to lure international consumers to key tourist destinations. However, capital investment by U.S. exporters is beginning to show signs of leveling off.

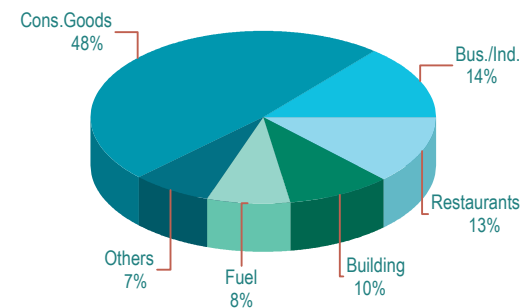
In late May, taxpayers will begin receiving payments of \$300 to \$1200 plus \$300 for each qualifying child through the Economic Stimulus Act of 2008. \$12.4 billion is expected to flow to California though various surveys indicate that much of the rebates will go to pay off debt or increase savings. Most analysts see the package as inducing a minor but only temporary spike in third quarter sales tax receipts.

## SALES PER CAPITA



## REVENUE BY BUSINESS GROUP

### Rancho Cucamonga This Quarter



## RANCHO CUCAMONGA TOP 15 BUSINESS TYPES

Business Type	Rancho Cucamonga		County	HdL State
	Q4 '07*	Change	Change	Change
Discount Dept Stores	\$632.6	-16.3%	-7.3%	0.9%
Department Stores	543.7	-6.3%	-7.3%	-3.5%
Service Stations	479.4	18.1%	43.8%	25.5%
Electronics/Appliance Stores	391.3	-6.6%	-10.0%	1.8%
Home Furnishings	321.4	-24.4%	11.9%	-7.9%
Restaurants No Alcohol	315.6	-5.7%	2.2%	2.4%
Restaurants Liquor	306.6	12.0%	5.4%	8.8%
Contractors	234.9	-17.6%	-31.0%	-15.4%
Lumber/Building Materials	230.3	-13.5%	-9.7%	14.5%
Heavy Industrial	224.8	22.4%	7.9%	7.9%
Light Industrial/Printers	224.4	-18.4%	3.2%	-2.0%
Family Apparel	220.1	-14.9%	-2.9%	0.6%
Specialty Stores	213.3	0.0%	-1.6%	-1.7%
Sporting Goods/Bike Stores	203.0	175.6%	18.7%	-0.8%
Grocery Stores Liquor	185.8	6.3%	4.2%	7.2%
<b>Total All Accounts</b>	<b>\$6,213.2</b>	<b>-5.6%</b>	<b>-1.1%</b>	<b>0.2%</b>
<b>County &amp; State Pool Allocation</b>	<b>532.2</b>	<b>-22.5%</b>		
<b>Gross Receipts</b>	<b>\$6,745.5</b>	<b>-7.2%</b>		<i>*In thousands</i>