

# Q2 2008



# Huntington Beach Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2008)

## Huntington Beach In Brief

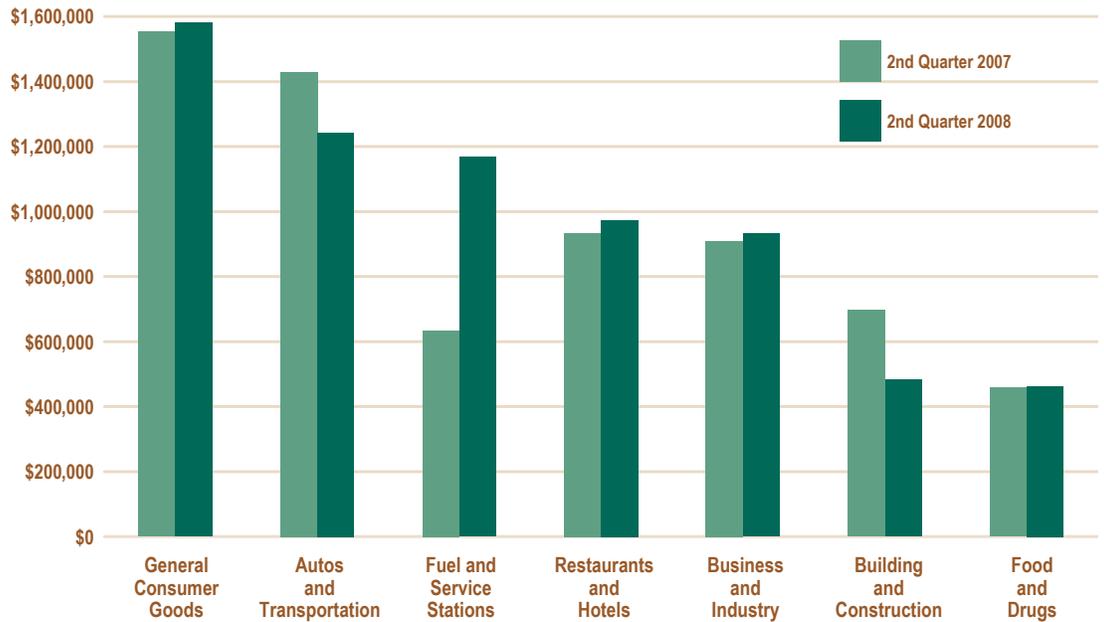
Second quarter receipts were 2.9% higher than one year ago but accounting adjustments skewed the data. With anomalies removed, actual results gained 1%.

Fuel & Service Station proceeds jumped due to higher prices at the pump, a new business addition and a onetime payment adjustment that inflated the comparison. Electrical equipment retailers showed solid sales gains but accounting adjustments boosted sporting goods/bike store and business services results. New business openings added to restaurants with liquor and electronics/appliance store amounts.

Lumber/building materials sellers continued their recent downtrend. Payment aberrations exaggerated the light industrial/printers decline.

Excluding onetime adjustments, all of Orange County decreased 5%; the state was down 4%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Albertsons	Hyatt Regency Huntington Beach
Applied Computer Solutions	I & S Mini Market
Baker Oil Tools	Lowes
Chevron	Mervyns
Chevron	Norm Reeves Honda
Delillo Chevrolet	Pinnacle Petroleum
G&M Oil	Ralphs
Home Depot	Reliable Wholesale Lumber
Huntington Beach Chrysler Jeep	Sharp Electronics
Huntington Beach Dodge	South County VW Isuzu
Huntington Beach Ford	Surf City Nissan
Huntington Beach Toyota Scion Kia	Target
	Wal Mart

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2006-07	2007-08
<b>Point-of-Sale</b>	\$26,160,309	\$27,085,803
<b>County Pool</b>	2,739,510	2,752,839
<b>State Pool</b>	32,236	6,209
<b>Gross Receipts</b>	<b>\$28,932,055</b>	<b>\$29,844,851</b>
<b>Less Triple Flip*</b>	<b>\$(7,233,014)</b>	<b>\$(7,461,213)</b>

\*Reimbursed from county compensation fund

## Statewide Sales Decline Continues

After adjusting for accounting aberrations, California's taxable sales for April through June declined four percent from the same quarter of 2007.

The losses were felt throughout California although recent store openings in Yolo County and fuel-related purchases in San Francisco, San Mateo and Kern Counties allowed those specific regions to give the appearance of overall gains. Generally, the Sacramento/Stockton, Riverside/San Bernardino and Solano County areas had more severe declines than the rest of the state.

Double digit declines in auto and building-related sales continued to be the primary contributors to the decrease. Another quarter of record increases in fuel prices provided a significant offset to the losses in other business categories.

The spring sales data suggest that consumers are shopping down to lower priced goods and restaurant meals with fewer discretionary purchases. Although consumer electronics reported modest gains, the only other positive categories were discount department stores and value priced family apparel.

## The News is Not Getting Better

Local agencies will not see the results of their July through September sales until the end of December. However, preliminary data from various government and trade association surveys indicate that taxable sales will continue to fall.

Auto manufacturers are reporting another quarter of double digit declines and most industry analysts are pushing their predictions for an auto sales recovery out to 2010.

Retailers of apparel and general consumer goods are reporting sluggish fall sales and disappointment in the back to school buying season which failed to live up to expectations raised by the

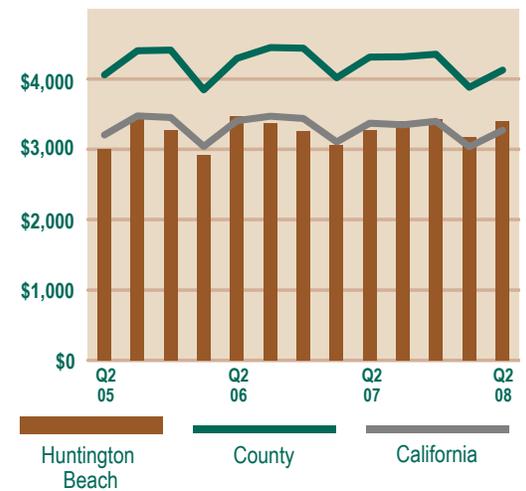
federal tax rebate stimulus. Latest predictions are for the lowest holiday spending since 1991.

Despite the federal credit rescue, liquidations of commercial real estate debt and continued housing oversupply make an immediate recovery in construction activity unlikely. Although institutional and public projects will help, a significant recovery in sales tax from building-related goods and services is not expected until after 2010.

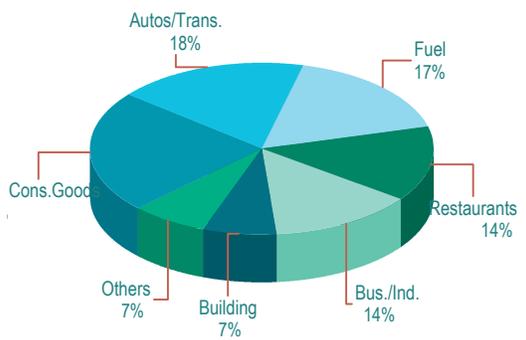
With some of California's biggest overseas markets going into recession, sales tax from business spending on capital equipment, supplies and fuel is also expected to level off. OPEC has cut production quotas to hold prices up against falling demand.

Every agency's sales tax revenues will differ with the makeup of its specific base and some agencies with new projects will be buffered from declines in other areas. However, for the state as a whole, current forecasts are for a downturn that may last through fiscal year 2009/2010.

## SALES PER CAPITA



## REVENUE BY BUSINESS GROUP Huntington Beach This Quarter



## HUNTINGTON BEACH TOP 15 BUSINESS TYPES

Business Type	Huntington Beach		County	HdL State
	Q2 '08*	Change	Change	Change
New Motor Vehicle Dealers	\$855.4	-16.9%	-22.1%	-18.7%
Service Stations	725.9	18.4%	14.2%	18.3%
Petroleum Prod/Equipment	441.5	na	131.1%	47.2%
Restaurants Liquor	376.5	6.5%	-0.3%	3.2%
Lumber/Building Materials	369.3	-35.3%	-15.3%	-17.9%
Restaurants No Alcohol	331.8	7.8%	-2.5%	-2.5%
Discount Dept Stores	— CONFIDENTIAL —		9.0%	3.9%
Grocery Stores Liquor	249.6	1.0%	2.9%	2.4%
Specialty Stores	219.0	4.9%	-4.4%	-2.2%
Business Services	215.7	12.7%	-4.9%	0.7%
Electronics/Appliance Stores	196.2	20.8%	3.4%	2.2%
Family Apparel	188.7	4.4%	0.1%	4.8%
Sporting Goods/Bike Stores	169.5	21.6%	-6.5%	-3.5%
Light Industrial/Printers	165.4	-12.8%	-12.0%	-2.7%
Electrical Equipment	148.9	119.3%	10.6%	8.1%
<b>Total All Accounts</b>	<b>\$6,869.8</b>	<b>3.8%</b>	<b>-3.7%</b>	<b>-1.9%</b>
<b>County &amp; State Pool Allocation</b>	<b>665.3</b>	<b>-5.8%</b>		
<b>Gross Receipts</b>	<b>\$7,535.1</b>	<b>2.9%</b>		<i>*In thousands</i>