

Q4 2012



City of Lemoore Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2012)

Lemoore In Brief

Receipts for Lemoore's October through December sales were 14.0% higher than the same quarter one year ago. Actual sales activity was up 12.3% when reporting aberrations were factored out.

Sales activity increased in fuel-related sectors surpassing county and statewide trends. A new store contributed to the rise in autos and transportation. Payment deviations overstated the gain in business and industry with food manufacturing showing the best results.

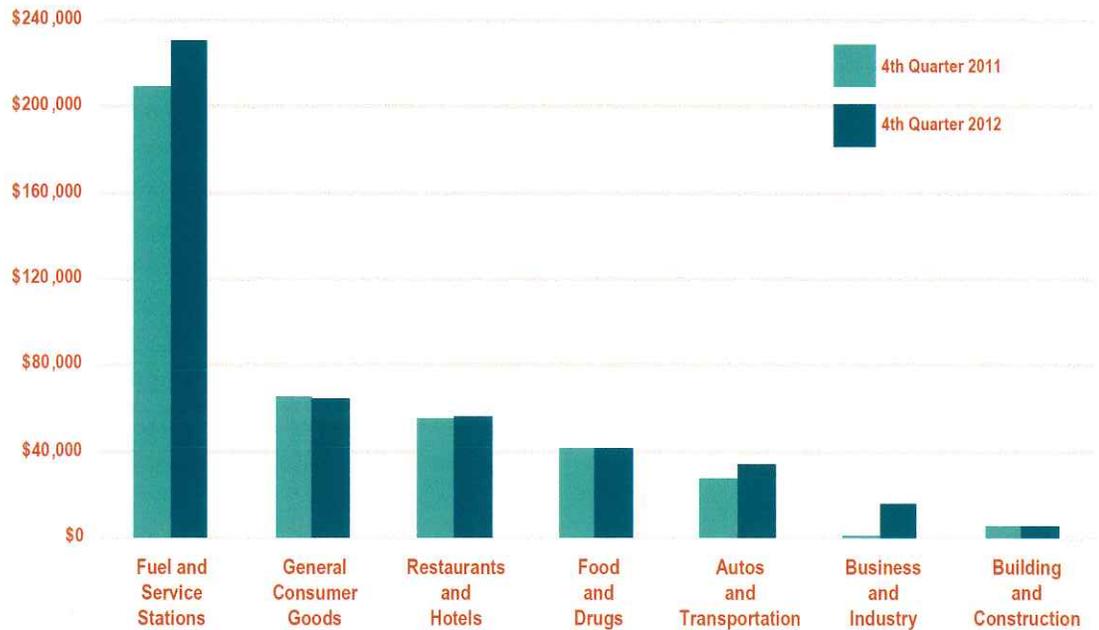
Multiple aberrations suppressed returns in the restaurants and hotels group. Revenues increased 5.8% once onetime events were removed.

The gain in general consumer goods from new outlets was offset by lower returns in other categories.

And increase in the city's share of the countywide use tax allocation pool contributed to higher gross receipts.

Adjusted for aberrations, taxable sales for all of Kings County increased 3.6% over the comparable time period, while the San Joaquin Valley as a whole was up 1.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	K & H Liquor Food & Gas
Auto Zone	K Mart
Best Buy Market	Lemoore Auto Mall
Billingsley Tire	Lemoore Crossings
Buford Oil	Lemoore Mini Mart
Burrows & Castadio	Lemoore Mobil
Bush Street Chevron	Leprino Foods
Dassels Petroleum	McDonalds
Dollar Tree	Rite Aid
Fastrip	Save Mart
Fastrip	Taco Bell
Gary Burrows	Walgreens
Jack in the Box	

REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$1,269,100	\$1,364,685
County Pool	200,525	222,125
State Pool	197	614
Gross Receipts	\$1,469,822	\$1,587,425
Cty/Cnty Share	(29,396)	(31,749)
Net Receipts	\$1,440,426	\$1,555,676
Less Triple Flip*	\$(360,106)	\$(388,919)

*Reimbursed from county compensation fund

Statewide Results

Statewide sales tax receipts for October through December sales were up 3.4%; however, net of onetime payment aberrations, actual sales increased 6.1% compared to the same sales period in 2011.

The autos and transportation group, led by continued strong sales of new cars and light trucks, recorded another quarter of robust increases over prior year results and accounted for 26% of the adjusted statewide gain. For many general consumer goods retailers the holiday sales season can be the difference between a profit and a loss for the year. This group bested year-ago receipts by 4.3%. Business and industry totals again included tax receipts from a variety of alternative energy projects. Heavy industrial, office equipment and office supplies/furniture also contributed to the group's 5.3% increase. Restaurant dining remained popular as overall sales moved up 5.7%, with most of the increase going to full and quick-service operators. Higher prices at the pump bolstered returns for fuel and service stations which posted a 2.1% rise, even as gasoline consumption for the period trended down. Receipts for building and construction increased 5.3%, while food and drugs gained 1.5%. County use tax pool totals were buoyed by receipt of previously uncollected taxes on internet sales.

First Full Quarter for AB 155

AB 155 expanded the definition of nexus to include out-of-state sellers with statewide annual sales of \$1M or more and who have in-state affiliates providing services tied to those out-of-state sales. Effective September 15, 2012 companies meeting these criteria were required to collect California sales and use tax.

The 26 companies HdL has identified to date as falling under AB 155's criteria produced slightly over \$12M in local one-cent sales tax revenues in the fourth quarter of 2012. It is estimated that this will translate into annual revenues of about \$0.80 per capita. To date, the revenues are being allocated to all jurisdictions in California via the countywide use tax allocation pools. Each city and county receives its proportionate share of the pool based on its ratio of taxable sales.

Past deal making by high volume retailers suggests that new revenues could eventually be redirected to just a few agencies in exchange for sales tax rebates as more out-of-state companies decide where to locate their in-state distribution warehouses. Online sellers already located in the state have negotiated rebates as high as 85% of the local sales tax they collect.

S.336/HR.684, the Federal Marketplace Fairness Act, would provide

a uniform approach to allowing all states to require online and remote sellers to collect sales taxes. The bills are strongly supported by a coalition of national retailers and local governments but are opposed by eBay and anti-tax groups. Although the Senate has adopted a resolution of support, the bills themselves have not been formally acted upon in either the Senate or House of Representatives.

SALES PER CAPITA



LEMOORE TOP 15 BUSINESS TYPES

Business Type	Lemoore		County	HdL State
	Q4 '12	Change	Change	Change
Auto Repair Shops	3,665	2.9%	-6.7%	3.0%
Automotive Supply Stores	24,178	9.1%	0.4%	4.9%
Boats/Motorcycles	— CONFIDENTIAL —		217.7%	10.3%
Discount Dept Stores	— CONFIDENTIAL —		-2.6%	4.4%
Drug Stores	— CONFIDENTIAL —		-3.7%	-4.5%
Food Mfg.	11,674	117.1%	-54.7%	4.3%
Grocery Stores Beer/Wine	14,096	26.1%	1.5%	2.4%
Grocery Stores Liquor	— CONFIDENTIAL —		-15.1%	-17.6%
Paint/Glass/Wallpaper	— CONFIDENTIAL —		10.0%	4.2%
Petroleum Prod/Equipment	— CONFIDENTIAL —		-2.7%	-4.1%
Restaurants Beer And Wine	12,616	16.5%	-4.6%	0.1%
Restaurants Liquor	4,367	-25.7%	20.1%	8.0%
Restaurants No Alcohol	37,725	2.8%	2.7%	5.1%
Service Stations	77,895	-5.5%	0.7%	2.8%
Variety Stores	6,568	73.3%	32.7%	10.0%
Total All Accounts	\$450,299	11.0%	-2.9%	2.0%
County & State Pool Allocation	78,957	35.0%		
Gross Receipts	\$529,256	14.0%		
City/County Share	(10,585)	-14.0%		
Net Receipts	\$518,671	14.0%		