

Q3
2013



City of Lemoore Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2013)

Lemoore In Brief

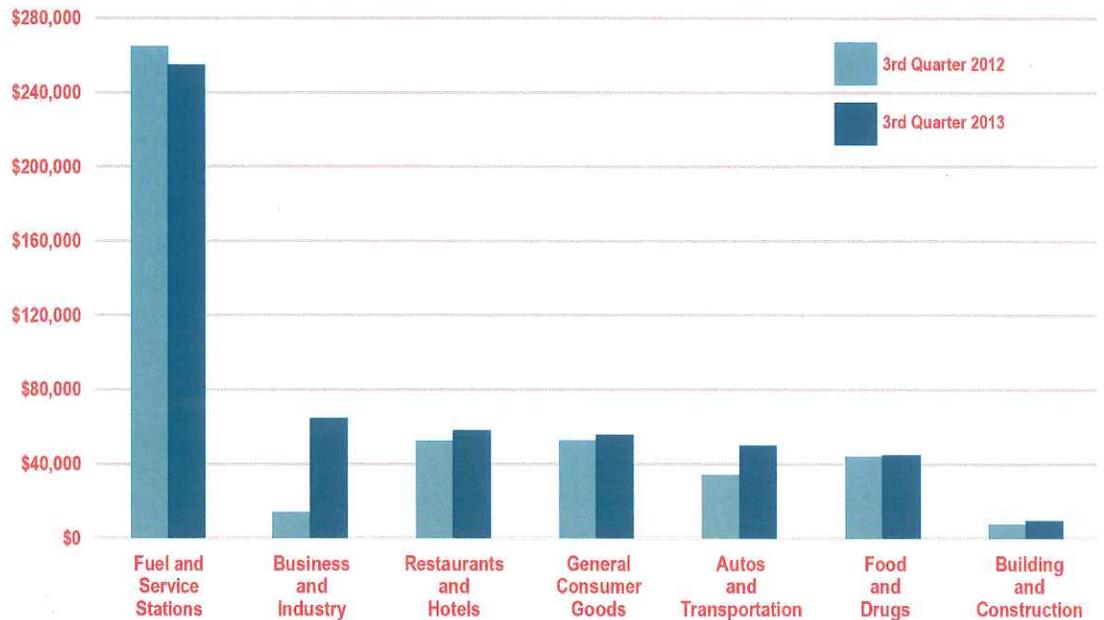
Receipts from Lemoore's July through September sales were 9.0% higher than the same quarter one year ago. Actual sales activity increased 10.4% after accounting aberrations were factored out.

The business and industry group experienced a strong sales quarter and was a significant factor in the overall quarterly increase. Onetime payments temporarily increased revenues from autos and transportation while new eateries and improved net sales boosted restaurant returns.

The gains were partially offset by decreased sales from the fuel and service stations group. A smaller allocation from the countywide use tax pool was also a factor.

Adjusted for aberrations, taxable sales for all of Kings County increased 5.4% over the comparable time period, while the San Joaquin Valley as a whole was up 5.2%.

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	Keller Motors
Billingsley Tire	Lemoore Mobil
Buford Oil	Lemoore Valero
Burrows & Castadio	Leprino Foods
Bush Street Chevron	McDonalds
Fastrip	Olam Tomato Processors
Fastrip	Rite Aid
Ferrara Fire Apparatus	Save Mart
Gary Burrows	Taco Bell
Jack in the Box	Valley Ford Lincoln
	Walgreens

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$914,386	\$1,017,643
County Pool	143,508	149,552
State Pool	275	556
Gross Receipts	\$1,058,169	\$1,167,750
Cty/Cnty Share	(21,163)	(23,355)
Net Receipts	\$1,037,005	\$1,144,395
Less Triple Flip*	\$(259,251)	\$(286,099)

*Reimbursed from county compensation fund

NOTES

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter was temporarily reduced by a state computer glitch that failed to fully fund receipts from sellers of building and construction supplies. Actual sales activity was up 5.8% over last year's comparable quarter after adjusting for this and other aberrations. Overall performance was generally similar throughout most regions of the state.

New and used auto sales and leases again grew at double digit rates and were the primary contributor to the quarter's statewide growth. With on-line sales remaining strong and more businesses reporting due to the state's new out-of-state reporting requirements, countywide pool allocations became the second largest portion of this quarter's overall increase. Recovering building and construction activity was also significant with a 9.7% gain after adjusting for the delayed allocations.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the third consecutive quarter.

Local Sales Tax Measures

Ten of twelve proposals for sales tax add-ons were approved in November as voters continued to support funding local services where they have more input and control.

New taxes were approved in Antioch, Corte Madera, Huron, Larkspur, San Anselmo and Scotts Valley. Existing add-ons were either increased or extended in El Monte, Rohnert Park, San Rafael and Stockton.

This brings the total number of city transactions and use tax districts to 135 and countywide districts to 44. Additional measures are expected to appear on local ballots in 2014.

Tax Rebates

Effective January 1, AB 562 (Williams) requires public notice and hearings on economic subsidies exceeding \$100,000. Identification of beneficiaries of the subsidy, the amounts, the beginning and ending dates and promised tax and job benefits are required as are periodic updates.

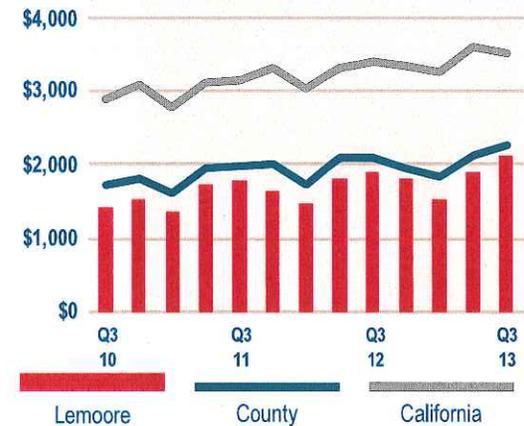
As on-line sales divert a greater portion of tax revenues from business and consumer purchases to centralized fulfillment centers, rebates of up to 85% are being bid in exchange for being the "point of sale" for the remainder. This bill encourages deeper evaluation of agreements that are collectively transferring an alarming share of statewide local sales tax to corporate bottom lines while cutting revenues for public services.

Holiday Sales Tax Shifts

Local tax receipts from fourth quarter sales will not be seen until March but may differ from previous years. Some forecasters predicted that on-

line shopping would account for up to 40% of holiday sales which would transfer that portion of the tax from stores to central fulfillment centers or county allocation pools. Final tax results from holiday spending will be pushed into June based on a National Retail Federation survey that showed 80% of shoppers gave at least one gift card. Tax is not charged until a gift card is redeemed.

SALES PER CAPITA



LEMOORE TOP 15 BUSINESS TYPES

Business Type	Lemoore		County	HdL State
	Q3 '13	Change	Change	Change
Automotive Supply Stores	26,393	-1.3%	6.7%	5.7%
Casual Dining	13,413	27.9%	9.5%	3.9%
Discount Dept Stores	— CONFIDENTIAL —	—	-12.8%	-8.2%
Drug Stores	— CONFIDENTIAL —	—	-10.4%	-0.1%
Food Service Equip./Supplies	60,162	382.1%	126.3%	7.6%
Grocery Stores Beer/Wine	17,018	10.3%	-5.6%	-2.6%
Grocery Stores Liquor	11,309	-9.3%	-13.5%	-9.7%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	36.5%	12.7%
Package Liquor Stores	— CONFIDENTIAL —	—	-1.5%	4.6%
Paint/Glass/Wallpaper	— CONFIDENTIAL —	—	14.7%	2.7%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	0.2%	-7.1%
Quick-Service Restaurants	42,265	9.6%	0.0%	4.0%
Service Stations	102,624	7.5%	0.2%	-1.5%
Used Automotive Dealers	— CONFIDENTIAL —	—	59.9%	11.7%
Variety Stores	5,548	3.9%	32.0%	8.5%
Total All Accounts	\$537,134	14.6%	9.1%	2.5%
County & State Pool Allocation	\$64,159	-22.5%	-26.2%	12.5%
Gross Receipts	\$601,293	9.0%	3.8%	3.5%
City/County Share	(12,026)	-9.0%		
Net Receipts	\$589,268	9.0%		