

Q1 2015



City of Lemoore Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2015)

Lemoore In Brief

Receipts for Lemoore's January through March sales were 7.3% lower than the same quarter one year ago. Actual sales activity was down 8.5% when reporting aberrations were factored out.

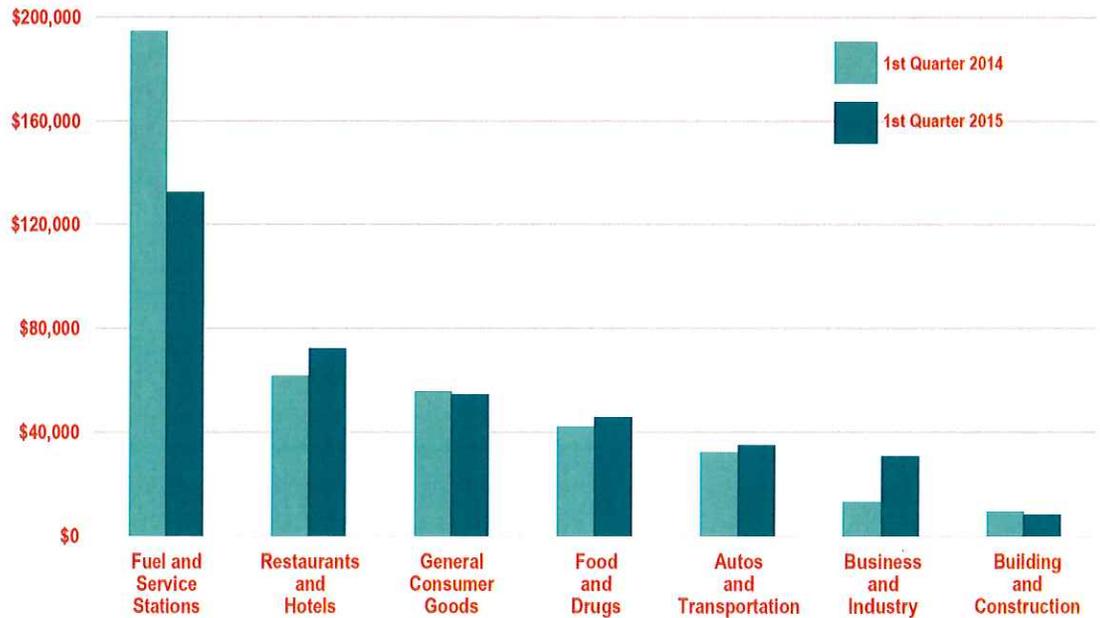
The drop in the fuel and service group due to lower fuel prices was exacerbated by a temporary year-ago reporting anomaly. A store closeout in specialty stores accounted for the loss in post-holiday general retail.

The gain in quick-service restaurants that boosted restaurants and hotels as a whole was overstated by multiple payment deviations. Food and drug results surpassed regional trends.

Food service sectors showed outstanding performance compared to last year.

Adjusted for aberrations, taxable sales for all of Kings County increased 4.8% over the comparable time period, while the San Joaquin Valley as a whole was up 2.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Lemoore Crossings
AutoZone	Lemoore Mobil
Best Buy Market	Lemoore Valero
Billingsley Tire	Leprino Foods
Buford Oil	McDonalds
Burger King	Me N Eds Pizza Parlors
Burrows & Castadio	Panchitos Taqueria
Bush Street Chevron	Rite Aid
Chevron	Save Mart
Family Dollar	Taco Bell
Fastrip	Walgreens
Fastrip	
Jack in the Box	
K Mart	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$1,894,703	\$1,812,704
County Pool	305,046	296,216
State Pool	1,296	1,247
Gross Receipts	\$2,201,045	\$2,110,168
Cty/Cnty Share	(44,021)	(42,203)
Net Receipts	\$2,157,024	\$2,067,964
Less Triple Flip*	\$(539,256)	\$(516,991)

*Reimbursed from county compensation fund

California as a Whole

Local one cent tax receipts from sales occurring January through March rose 3.65% over 2014's comparable quarter after adjusting for reporting anomalies.

An exceptionally strong quarter for auto sales/leases and restaurants was the primary contributor to the overall increase. A rise in building-construction materials was also a factor although much of this growth came from specific office and sports facility projects in Northern California.

Gains from sales of general consumer goods were primarily in value priced clothing, home furnishings and specialty retail which includes pet supplies and cosmetics. Online shopping involving goods shipped from out of state continues to shift a major portion of the growth in general consumer goods to the countywide pools.

The statewide gains were largely offset by a 21% decline in receipts from fuel and service stations.

Tax on Services

The Board of Equalization has released an estimate that levying sales and use tax on services would raise over \$122.5 billion in state and local revenues or enough to lower the overall tax rate to under 4%.

Originally imposed in 1933 as a 2 1/2% tax with only three exemptions, the legislature has gradually exempted more and more goods from the sales tax while raising rates to compensate for the corresponding revenue loss. This and the state's shift from a manufacturing to service economy has created the nation's highest sales tax rate on the narrowest basket of goods.

Although more discussion is needed, there is interest in expanding the sales tax to services and lowering the rate to make the tax less regressive and

more competitive while providing greater flexibility in the development of local tax bases.

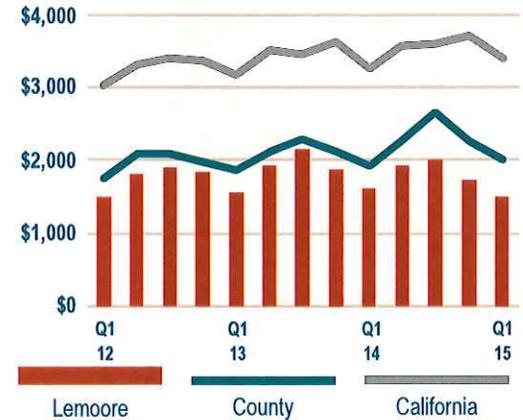
Tax on Jet Fuel

The Federal Aviation Administration has ruled that sales taxes on jet fuel must only be used for airport and aviation programs. The rule applies to taxes levied after 1987 but is unclear as to transactions tax districts, Proposition 172 revenues, or revenues collected by jurisdictions without airports. Clarification will not be available until FAA review and approval of a plan that has to be submitted by the state Department of Finance by December 8, 2015.

Tax on Marijuana

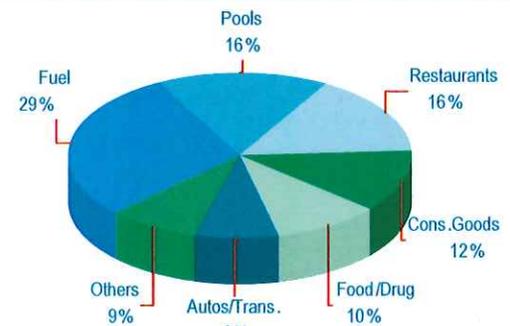
A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE findings are expected by November 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Lemoore This Quarter



LEMOORE TOP 15 BUSINESS TYPES

Business Type	Lemoore		County	HdL State
	Q1 '15	Change	Change	Change
Auto Repair Shops	5,697	8.4%	-22.7%	7.0%
Automotive Supply Stores	24,552	8.4%	11.3%	5.2%
Boats/Motorcycles	— CONFIDENTIAL —	—	-11.0%	13.5%
Casual Dining	15,287	-3.9%	1.6%	5.8%
Discount Dept Stores	— CONFIDENTIAL —	—	12.3%	4.2%
Drug Stores	— CONFIDENTIAL —	—	25.6%	10.7%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	-10.9%	8.8%
Grocery Stores Beer/Wine	15,769	3.3%	-19.6%	-3.4%
Grocery Stores Liquor	— CONFIDENTIAL —	—	3.9%	5.0%
Liquor Stores	— CONFIDENTIAL —	—	-9.6%	6.9%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	-19.8%	-18.0%
Quick-Service Restaurants	52,028	31.8%	13.5%	10.5%
Service Stations	64,694	-33.7%	-15.6%	-21.9%
Specialty Stores	4,192	-24.0%	0.7%	9.7%
Variety Stores	— CONFIDENTIAL —	—	15.5%	15.6%
Total All Accounts	\$378,740	-7.2%	5.5%	3.6%
County & State Pool Allocation	\$73,108	-7.9%	4.7%	1.1%
Gross Receipts	\$451,848	-7.3%	5.3%	3.3%
City/County Share	(9,037)	7.3%		
Net Receipts	\$442,811	-7.3%		