

Q3
2014



City of Lemoore Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2014)

Lemoore In Brief

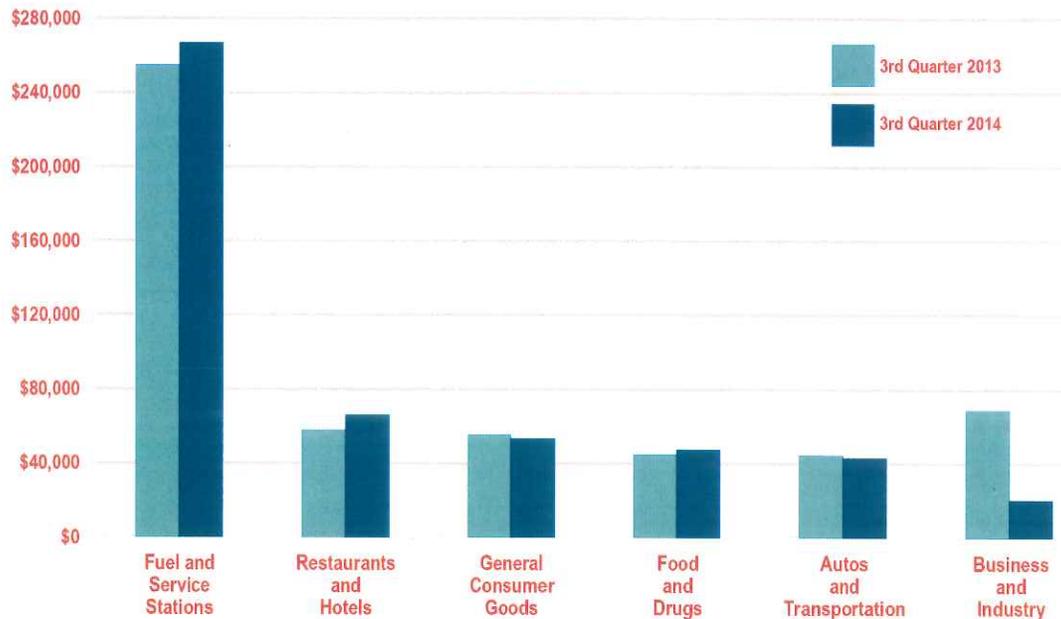
Lemoore's allocation of sales and use tax from its July through September sales was 5.5% lower than the same quarter one year ago.

The decline was primarily due to onetime food processing equipment and fire apparatus purchases that had temporarily inflated last year's receipts plus a taxpayer refund in the current quarter.

Growth in most segments was modest and after factoring for accounting anomalies, the only two economic groupings that exhibited overall actual gains were food-drugs and restaurants-hotels.

Adjusted for aberrations, sales and use tax receipts for all of Kings County increased 14.8% over the comparable time period although the countywide boost was primarily due to onetime expenditures related to a major solar project. The San Joaquin Valley as a whole was up 5.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

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

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$1,017,643	\$996,575
County Pool	149,552	139,899
State Pool	556	734
Gross Receipts	\$1,167,750	\$1,137,208
Cty/Cnty Share	(23,355)	(22,744)
Net Receipts	\$1,144,395	\$1,114,464
Less Triple Flip*	\$(286,099)	\$(278,616)

**Reimbursed from county compensation fund*

California Overall

With payment aberrations removed, local sales tax revenues rose 5.5% over the comparable quarter of July through September 2013.

The largest gains were from the countywide use tax pools which have been boosted by the rising shift to online shopping and involve a larger portion of goods shipped from out-of-state. Rising sales from auto dealers and restaurants, high tech Silicon Valley business activities, and Southern California construction also contributed.

Among general consumer goods, discount department stores, value priced apparel, home goods, pet and personal care products outperformed other categories.

The Impact of Falling Gas Prices on Sales Tax

Fuel prices plunged to a 5 year low in December with predictions that expanded North American oil production, gains in fuel efficiency and a sluggish international economy will sustain lower gas prices through much of 2015.

Not all of the estimated \$50 to \$75 per month family savings will be spent on taxable goods. Part will be absorbed by rising costs of food and other non-taxable necessities and by the ongoing shift in buying habits from purchases of taxable goods to non-taxable services, cellphone fees and internet access.

Among the various economic segments that make up each agency's sales tax base, grocers, drug stores and restaurants should benefit most. Extra disposable income translates into more travel, dining out and impulse purchases of taxable items while shopping for food and necessities.

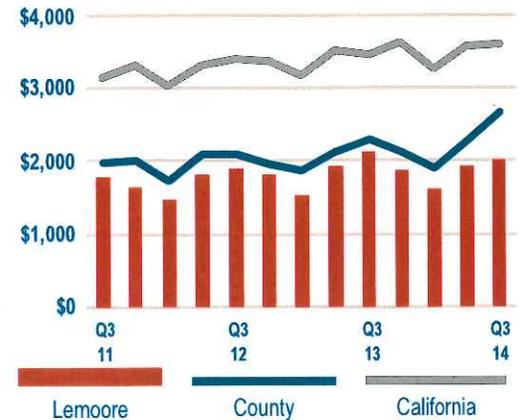
Despite intensive price competition, tax gains from general con-

sumer goods can also be expected although accelerating online shopping will shift much of the growth to the countywide allocation pools rather than brick and mortar stores.

Agencies with auto dealerships are also benefiting as lower fuel prices and increased fuel efficiency have buyers choosing more costly SUVs and accessories. Gains in home improvement purchases are anticipated although the tax will be distributed via countywide pools if the sale includes onsite installation.

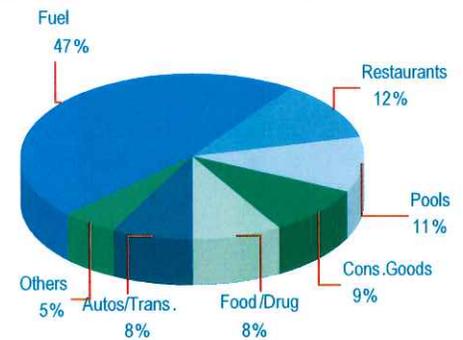
The major losing tax segment will be in fuel/service stations. The losses will be partially offset by increased travel/fuel consumption and by added costs associated with new green emission requirements that went into effect January 1. Even so, substantial declines from service stations, truck stops, bulk and jet fuel operators and petroleum industry suppliers should be anticipated. In the business/industry segment, tax from capital investment in new alternative energy and oil production projects is likely to slow.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Lemoore This Quarter



LEMOORE TOP 15 BUSINESS TYPES

Business Type	Lemoore		County	HdL State
	Q3 '14	Change	Change	Change
Auto Repair Shops	6,867	51.8%	22.0%	6.4%
Automotive Supply Stores	26,034	-1.4%	-1.6%	-0.1%
Casual Dining	13,380	-0.2%	-0.9%	6.0%
Discount Dept Stores	— CONFIDENTIAL —	—	4.2%	2.5%
Drug Stores	— CONFIDENTIAL —	—	3.9%	1.0%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	-41.5%	9.5%
Fuel/Ice Dealers	— CONFIDENTIAL —	—	120.1%	22.2%
Grocery Stores Beer/Wine	17,744	4.3%	-5.6%	2.0%
Grocery Stores Liquor	— CONFIDENTIAL —	—	3.0%	8.8%
Liquor Stores	— CONFIDENTIAL —	—	-10.1%	8.4%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	0.4%	8.0%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	-7.0%	4.6%
Quick-Service Restaurants	48,514	16.6%	14.9%	8.5%
Service Stations	105,041	2.4%	-1.4%	1.2%
Variety Stores	— CONFIDENTIAL —	—	9.1%	7.0%
Total All Accounts	\$506,918	-5.6%	15.9%	5.5%
County & State Pool Allocation	\$61,508	-4.1%	17.8%	10.2%
Gross Receipts	\$568,426	-5.5%	16.1%	6.1%
City/County Share	(11,369)	5.5%		
Net Receipts	\$557,058	-5.5%		