

# Q2 2011



# Culver City Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2011)

## Culver City In Brief

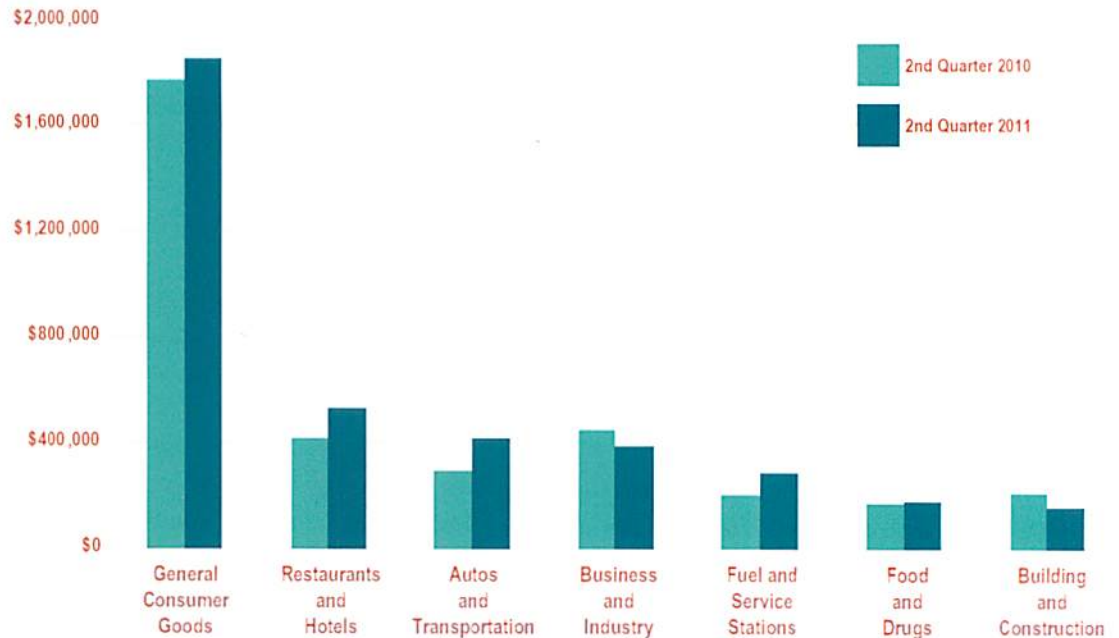
Receipts from second quarter sales were 8.7% above the same sales period one year earlier, but payment aberrations skewed the data. With anomalies excluded, actual sales gained 5.8%.

All major business groups except building and construction and business and industry increased. A new business addition boosted results from the new auto dealer category; whereas higher prices at the pump pushed up service station proceeds. All restaurant types were up from the year before; however, retroactive payment adjustments following routine city audits inflated the restaurant no alcohol and restaurant with liquor comparisons. In the general consumer goods group, specialty store, family apparel, women's apparel and shoe store results were positive.

A onetime accounting adjustment covering multiple back quarters caused the drop in the building and construction group by inflating receipts a year ago. Business close-outs and temporary reporting aberrations combined to reduce business and industry totals.

Net of payment adjustments, all of Los Angeles County gained 8.4%; statewide sales grew 9.7%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS In Alphabetical Order

Arco AM PM Mini Mart	Pit Fire Pizza
Best Buy	Rite Aid
Bunnin Chevrolet	Ross
Centinela Chevron	Samys Camera
Costco w/Gas	Sepulveda Shell - Gasoline Sales
Culver City Volvo	Staples
Discus Dental	Target
H & M	Toys R Us
JC Penney	Kids R Us
Jins Shell Service	Vons
Labite Com	Waterloo and City
Macys	Wolfgang Puck Catering & Events
Miller Honda	
Miller Toyota Scion	

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$3,481,609	\$3,792,111
County Pool	388,409	420,650
State Pool	1,866	(2,236)
<b>Gross Receipts</b>	<b>\$3,871,884</b>	<b>\$4,210,525</b>
Less Triple Flip*	\$(967,971)	\$(1,052,631)

\*Reimbursed from county compensation fund

### Statewide Results

California's local sales and use tax revenues for sales occurring April through June 2011 were 9.4% higher than the same quarter of 2010 after payment aberrations were removed. This marks the sixth consecutive quarter of growth since the recovery began.

Higher fuel prices accounted for much of the statewide increase. Easing consumer credit, sales incentives and pent up demand led to gains in new auto sales while consumers also showed signs of spending more freely in specialty stores, home furnishings, apparel categories, jewelry and restaurants.

Electronics sales in the Bay Area sharply outpaced statewide results and highlighted the continued strength of tech-oriented business in that region. Stimulus funded infrastructure projects produced temporary gains in sales tax on concrete, asphalt and aggregates but are expected to wane later in the year as funding is depleted.

Increased airport traffic and auto rentals suggest that travel and leisure sales are in a recovery mode.

### Fuel Prices Boosting Receipts

Second quarter fuel sales represented 38% of the total statewide sales tax increase. California consumers paid an average of \$3.94 per gallon the week of September 12th, 94 cents higher than the same period of 2010, but below the all-time high of \$4.59 in 2008. Crude oil prices, which account for about 85% of gasoline price variability, were \$90.21 a barrel in September 2011 versus \$141.06 in the summer of 2008.

Although future gas prices are expected to decline from this year's highs, increased exports of U.S. refinery output to other countries are expected to keep prices here at elevated levels.

### Growth in the Hourglass Economy

The good news is that the economy is in recovery, the bad news is this may be as good as it gets according to a recent International Monetary Fund report

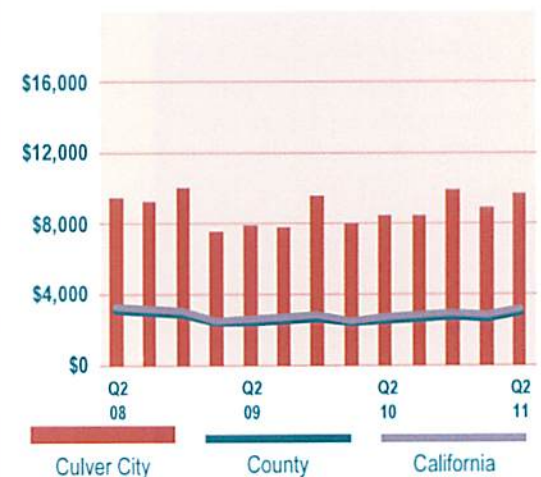
which highlights problems caused by a shift to an hourglass economy.

This type of economy is characterized by a large and expanding group at the top with high skills and high incomes offset by an expanding group at the bottom with low skills and low pay. The middle levels traditionally composed of skilled or semi-manual workers in good paying jobs continue to decline, giving the occupational income profile of the economy its distinctive shape. The 2010 Census revealed that most Americans' inflation-adjusted incomes were either stagnate or in decline with the proportion of people living in poverty now at 15.3% while 24% of the nation's wealth is concentrated in the top 1/10th of one percent.

Consumer spending has historically accounted for 70% of economic output and with the wealthiest 5% of Americans now accounting for 37% of all consumer spending, retailers are bifurcating their marketing strategies into sales of high end and low end goods while reducing offerings for the disappearing middle class. Economists say

the dependency on just a small portion of the population for increased spending limits future growth potential and fosters more boom and bust cycles. This is because the wealthy splurge and speculate when their savings are doing well and quickly cut back when the value of their assets tumble. Analysts further argue that this lack of growth potential is why major corporations are sitting on record profits and not investing in more employees.

### SALES PER CAPITA



### CULVER CITY TOP 15 BUSINESS TYPES

Business Type	Culver City		County	HdL State
	Q2 '11*	Change	Change	Change
Business Services	83.6	-10.7%	33.6%	15.4%
Department Stores	170.4	8.4%	2.0%	0.5%
Discount Dept Stores	668.9	11.3%	6.7%	6.4%
Electronics/Appliance Stores	195.8	-20.7%	-13.3%	3.2%
Family Apparel	183.8	21.0%	14.9%	12.7%
Grocery Stores Liquor	101.8	8.1%	0.2%	1.4%
Home Furnishings	84.8	-3.2%	3.5%	3.6%
New Motor Vehicle Dealers	307.8	67.3%	10.0%	9.8%
Office Supplies/Furniture	70.4	106.3%	31.6%	43.0%
Restaurants Beer And Wine	84.2	10.1%	0.1%	-1.1%
Restaurants Liquor	181.4	48.5%	7.1%	8.6%
Restaurants No Alcohol	242.7	23.7%	4.6%	3.4%
Service Stations	280.1	42.6%	32.7%	31.0%
Specialty Stores	177.4	7.1%	3.9%	5.2%
Women's Apparel	75.3	9.7%	8.2%	8.9%
<b>Total All Accounts</b>	<b>\$3,792.1</b>	<b>8.9%</b>	<b>9.5%</b>	<b>10.1%</b>
<b>County &amp; State Pool Allocation</b>	<b>418.4</b>	<b>7.2%</b>		
<b>Gross Receipts</b>	<b>\$4,210.5</b>	<b>8.7%</b>		

\*In thousands