

# Q4 2009



# City of Lynwood Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2009)

## Lynwood In Brief

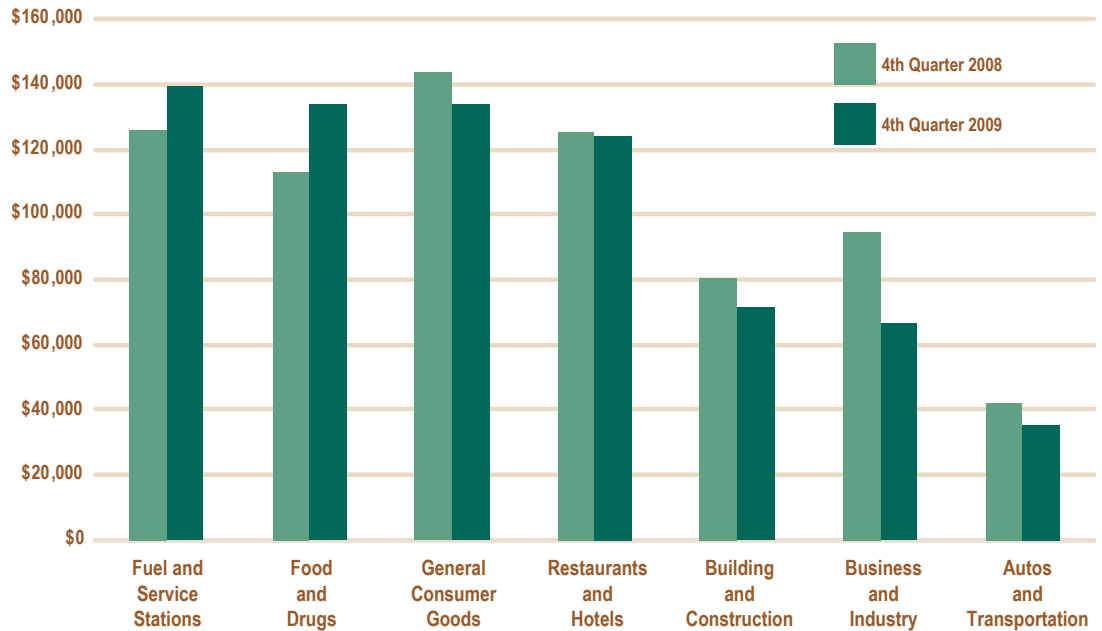
The allocation from Lynwood's October through December sales tax was 4.2% less than the same quarter one year ago.

Decreased sales from restaurants with no alcohol, heavy industrial, lumber/building materials, home furnishings, family apparel, drug stores, electronics/appliance stores, auto supply stores, grocery stores with beer and wine and shoe stores were partially responsible for the decrease. A delayed allocation temporarily reduced receipts from specialty stores.

The losses were offset by higher fuel prices plus increased sales from restaurants with beer and wine. Receipts from grocery stores with liquor were exaggerated by a onetime reporting aberration. The comparison of contractors was inflated by a one-time accounting adjustment.

Adjusted for reporting aberrations, taxable sales for Los Angeles County decreased 8.0% over the comparable time period while Southern California as a whole was down 6.8%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS In Alphabetical Order

- |                     |                          |
|---------------------|--------------------------|
| 99 Cents Only       | King Taco                |
| Ahmed Union Service | La Curacao               |
| Airgas West         | McDonalds                |
| Andys Shell Service | Rapid Gas                |
| Arco                | Rite Aid                 |
| Auto Zone           | Smart & Final            |
| Chevron             | Superior Super Warehouse |
| Chevron             | TJs Metal                |
| CVS Pharmacy        | Valu Plus                |
| Del Steel           | Verizon Wireless         |
| Factory 2U          | Walgreens                |
| Food 4 Less         |                          |
| J & S Union 76      |                          |
| Jones Lumber        |                          |

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$2,475,488	\$2,110,100
County Pool	271,887	220,501
State Pool	982	2,037
<b>Gross Receipts</b>	<b>\$2,748,357</b>	<b>\$2,332,638</b>
<b>Less Triple Flip*</b>	<b>\$(687,089)</b>	<b>\$(583,160)</b>

\*Reimbursed from county compensation fund

NOTES

**California Overall**

Local allocations for sales occurring October through December were 6.7% lower than last year's holiday quarter after adjusting for accounting aberrations.

All regions experienced declines. The largest reductions were in building and construction materials and business equipment and supplies. Shoppers generally favored discount stores and value-oriented apparel to traditional department stores and specialty shops. However, a few high end chains also posted gains. A rise in new car sales was offset by declining revenues from auto leases and continuing drops in sales of RVs, boats and motorcycles. The quarter's largest statewide increases were from value oriented family apparel and from rising service station prices.

**Short Term Recovery Projected**

Most economists and trade analysts are cautiously optimistic that there will be recovery over the next two or three quarters. Stabilization of home prices and the recovering stock market have made the still employed more confident about making purchases that were avoided during the bottom of the recession. Lower prices have also stretched the discretionary income available to make those purchases.

They see banks beginning to lend again while the restocking of depleted inventories is stimulating industrial production. Other factors adding to the optimism are increased demands for American exports, renewed spending on technology and software and a recent uptick in California's entertainment industry.

**The Budget Conundrum**

There is general agreement that the current recovery is fragile and that California will trail the nation. However, there is sharp disagreement on its durability. Most analysts believe that as long as the current demand for exports continues, the other previously cited factors will sustain a slow recovery.

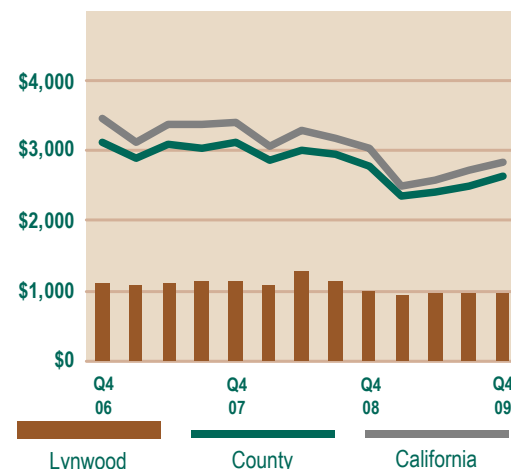
Others argue that a second dip in the recession is likely. They maintain that the current recovery is a "bubble" created by unsustainable tax cuts, federal stimulus spending, low interest loans and modification programs that mask and only delay inevitable foreclosures. Further, the pending resetting of large numbers of adjustable rate home mortgages and need to refinance \$500 billion in commercial loans is being ignored. Until we suffer the consequences from those losses they say, the end of federal bailouts will simply send us back into a recession. Both sides express concerns about the sufficiency of future job opportunities.

**Recovery and Sales Tax**

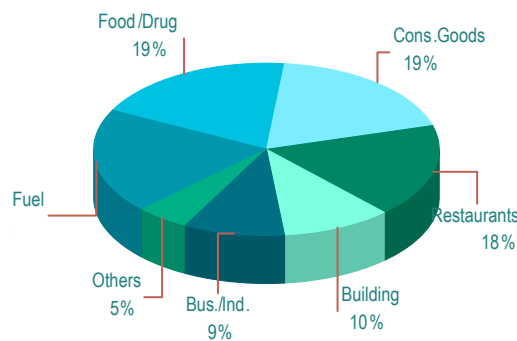
It will be slow, spotty and uncertain. Gains from value priced consumer goods, technology, medical focused industries and higher fuel prices are expected. The increase from incentive driven car sales should continue for another quarter or two.

The outlook for a recovery from building and construction materials remains pessimistic while restaurants and other categories are expected to be flat or decline further.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Lynwood This Quarter



**LYNWOOD TOP 15 BUSINESS TYPES**

Business Type	Lynwood		County	HdL State
	Q4 '09	Change	Change	Change
Service Stations	\$139,202	11.0%	7.8%	7.0%
Restaurants No Alcohol	102,850	-2.9%	-3.6%	-2.3%
Grocery Stores Liquor	82,520	34.0%	10.3%	2.1%
Heavy Industrial	47,648	-34.7%	-24.1%	-18.2%
Lumber/Building Materials	40,863	-13.6%	1.3%	-0.4%
Home Furnishings	31,231	-8.9%	-9.5%	-7.3%
Contractors	27,780	2.2%	-21.6%	-22.9%
Drug Stores	27,441	-0.4%	1.2%	-1.0%
Electronics/Appliance Stores	24,811	-2.2%	-5.3%	-2.5%
Automotive Supply Stores	21,980	-1.1%	-0.8%	-1.7%
Specialty Stores	17,264	-7.9%	-8.5%	-5.8%
Family Apparel	15,044	-5.7%	7.5%	9.4%
Restaurants Beer And Wine	12,658	0.4%	-10.3%	-10.1%
Grocery Stores Beer/Wine	11,917	-10.1%	-4.6%	-0.7%
Shoe Stores	9,979	-4.9%	-6.3%	-1.5%
<b>Total All Accounts</b>	<b>\$703,356</b>	<b>-3.0%</b>	<b>-5.3%</b>	<b>-5.9%</b>
<b>County &amp; State Pool Allocation</b>	<b>67,125</b>	<b>-15.4%</b>		
<b>Gross Receipts</b>	<b>\$770,481</b>	<b>-4.2%</b>		