

Q4 2010



City of Chula Vista Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2010)

Chula Vista In Brief

Receipts for Chula Vista's October through December sales were 6.9% higher than the same quarter one year ago.

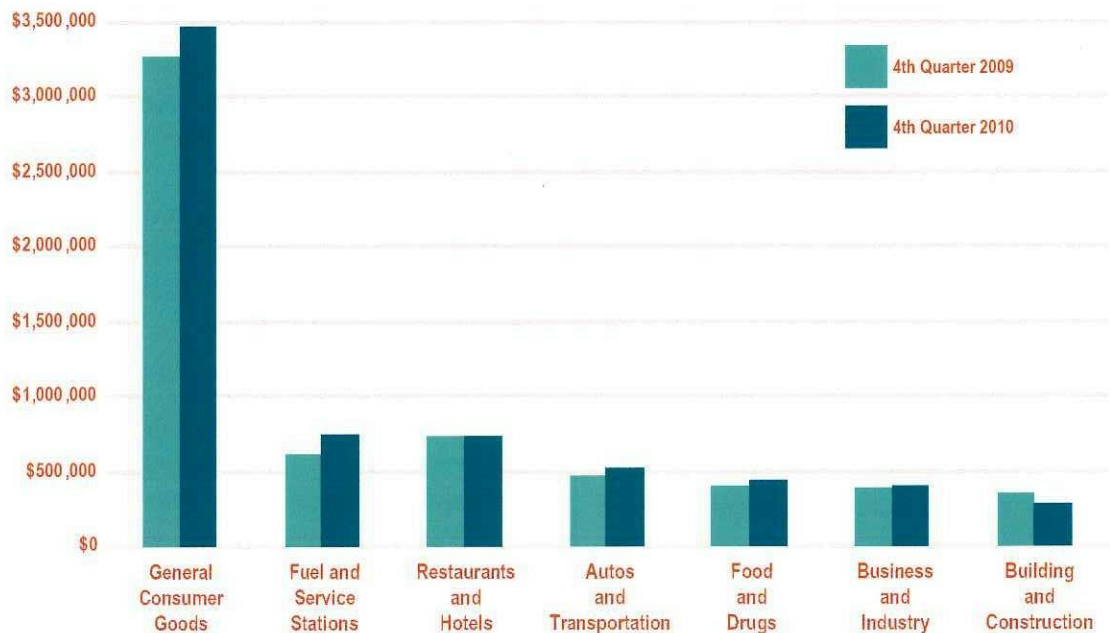
A new store in family apparel added to already solid holiday season sales in apparel, department stores, discount department stores and electronics. A taxpayer refund that depressed year-ago returns accounted for the double digit gain in the home furnishing group.

Higher prices boosted service station returns while sales activity increased in new autos and retroactive adjustments boosted grocery stores with liquor. A onetime use tax payment in the light industrial/printer category contributed to positive receipts for heavy machinery/equipment and rentals.

The overall decline in building/construction related sectors was exaggerated by a double payment that expanded returns in the comparison period.

Adjusted for aberrations, taxable sales for all of San Diego County increased 6.0% over the comparable time period, while the Southern California region as a whole was up 6.8%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Apple Computer	Kohls
Arco AM PM	Lowes
Arco AM PM	Macys
Best Buy	Marshalls
Burlington Coat Factory	Ralphs
Chevron	Ross
Costco	Sears
Fuller Ford/Kia	Target
Fuller Honda	Toyota/Scion of Chula Vista
Home Depot	Toys R Us
JC Penney	Vons
Jeromes Furniture Warehouse	Walmart
K Mart	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$17,040,812	\$17,971,308
County Pool	1,908,795	2,168,429
State Pool	16,523	9,039
Gross Receipts	\$18,966,130	\$20,148,776
Less Triple Flip*	\$(4,741,533)	\$(5,037,194)

*Reimbursed from county compensation fund

Statewide Sales Increase!

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter of 2010 were 7.3% higher than the same quarter one year ago. This represents the fourth straight quarter of growth and the largest percentage increase since the third quarter of 2005.

Higher fuel prices and usage, robust sales of new autos and rebounds in restaurants and general consumer goods helped boost overall receipts. Capital purchases of business equipment and labor-saving technology were especially strong in the Bay Area and Southern California. A onetime use tax payment for alternative energy equipment added to San Joaquin Valley's pooled use tax totals. Excluding accounting aberrations the state's strongest regions were the San Joaquin Valley +12.5%, the Bay Area +7.7% and the Central Coast +7.1%.

Some Problems Remain

Although recent better than expected improvements in the state's labor markets suggest the rebound is gaining momentum, most economists believe the unemployment rate will remain in double-digits through 2012.

The large volume of unsold residential, commercial and office properties will continue to suppress new construction spending and be a drag on the economy through 2012-13. Soaring oil prices and budget cutbacks by state and local governments will have a short-term negative impact on economic growth.

Post tsunami problems in Japan are likely to cause supply shortages of autos, auto parts and various electronic components. However, the depth and duration of the impact remains unclear at this time.

Green Energy Exemptions

SB 71, which was pushed through the Legislature as one of last year's budget deals, authorizes the previously ob-

scure California Alternative Energy & Advanced Transportation Financing Authority (CAEATFA) to grant sales and use tax exemptions of state and local sales, use and transactions taxes for "green manufacturing" projects. There is no cap on the value of exemptions CAEATFA may approve but the Legislature must be notified if they exceed \$100 million annually.

Through March, CAEATFA has approved 28 projects exempting almost \$961 million in qualified property that would have generated about \$87.5 million statewide using an average tax rate of 9.1%. Local government losses are expected to exceed \$19 million.

Although approved projects are located in various areas of the state, Santa Clara and Alameda Counties have been the most impacted thus far.

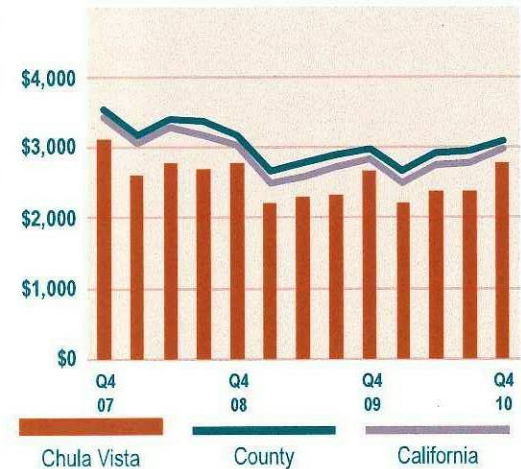
Renewable Energy Exemptions

In late February the CAEATFA Board of Directors postponed expansion of the exemption program with a proposed \$50 million sales and use tax exemption program for renewable

energy generation projects until early 2012 pending a better understanding of the state's fiscal condition. Industry lobbyists are pushing for a much larger program than CAEATFA originally planned.

Local governments will not be notified of applications that could affect their revenues. However, agenda notices can be obtained by visiting <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

SALES PER CAPITA



CHULA VISTA TOP 15 BUSINESS TYPES

Business Type	Chula Vista		County	HdL State
	Q4 '10*	Change	Change	Change
Automotive Supply Stores	110.4	8.2%	11.4%	11.3%
Department Stores	322.8	3.2%	2.4%	2.6%
Discount Dept Stores	1,605.4	3.7%	2.2%	2.2%
Drug Stores	92.4	-2.4%	3.1%	0.2%
Electronics/Appliance Stores	422.3	5.2%	0.3%	8.8%
Family Apparel	345.8	13.8%	6.8%	5.8%
Grocery Stores Liquor	256.1	16.6%	11.0%	4.6%
Home Furnishings	152.5	26.3%	1.3%	5.8%
Light Industrial/Printers	92.4	64.1%	12.9%	-3.9%
Lumber/Building Materials	177.6	-24.9%	-11.2%	-14.7%
New Motor Vehicle Dealers	276.6	15.1%	12.2%	14.4%
Restaurants Liquor	223.4	9.7%	9.6%	7.8%
Restaurants No Alcohol	427.2	0.3%	4.2%	5.5%
Service Stations	742.4	22.6%	15.9%	13.1%
Specialty Stores	255.2	11.6%	-0.2%	7.5%
Total All Accounts	\$6,599.0	6.1%	5.9%	5.8%
County & State Pool Allocation	822.3	14.0%		
Gross Receipts	\$7,421.3	6.9%		<i>*In thousands</i>