

Q2 2010



City of Vista Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2010)

Vista In Brief

Receipts for Vista's April through June sales were 9.8% higher than the same quarter one year ago. Actual sales activity was up 6.0% when reporting aberrations were factored out.

Although the Business & Industry sector experienced increased allocations from a new business addition in the light industrial group and strong sales from heavy industrial supplies and drugs/chemicals, the increase was inflated by onetime aberrations from the business services group. The Autos & Transportation sector experienced gains primarily from auto sales and auto repair shops.

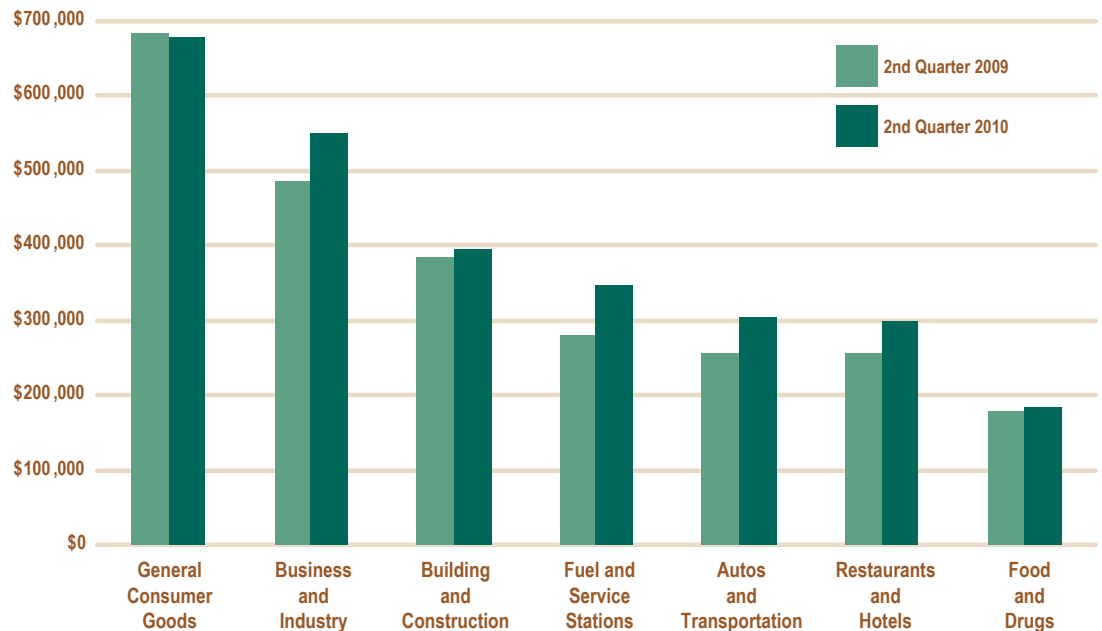
A business addition in the restaurants without alcohol category and increased allocations from restaurants with liquor helped lift the overall results from the Restaurants & Hotels sector. Higher fuel prices helped boost receipts from the Fuel & Services Stations sector.

The gains were partially offset by a decline in sales from family apparel and electronics/appliance stores.

Measure L, the city's transactions tax generated an additional \$1,433,891 during the quarter.

Adjusted for aberrations, taxable sales for all of San Diego County increased 6.5% over the comparable time period, while the Southern California region as a whole was up 4.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Foothill Chevron
Apro Exxon/Mobil Stations	Home Depot
Arco AM PM	Jack in the Box
Babies R Us	Lowe's
Burlington Coat Factory	McCain Traffic Supply
Classic Chariots	North County Ford
Costco	North County House of Motorcycles
Crescent Electric Supply	Santa Fe Petroleum
D & D Tool & Supply	Stater Bros
Enterprise Rent A Car	Structural Materials
Ferguson Xpress Counter	Target
Food 4 Less	US Food Service
	Walmart

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$2,530,177	\$2,761,213
County Pool	278,382	325,109
State Pool	2,537	1,488
Gross Receipts	\$2,811,096	\$3,087,810
Less Triple Flip*	\$(702,774)	\$(771,952)
Gross Trans. Tax	\$1,261,277	\$1,433,891

*Reimbursed from county compensation fund

California Overall

Local sales and use tax revenues for sales occurring April through June 2010 were 4.7% higher than the same quarter of 2009 after accounting aberrations were factored out. However, the comparison is against a quarter that was 18.4% below the same quarter of 2008 which in turn, was 4.0% lower than the same period of 2007. Rising fuel prices were again a major part of the quarterly increase. Pent-up demand and manufacturer incentives produced impressive gains in auto and RV sales. Capital investment in technology, equipment and supplies to reduce labor and energy costs drove expanded receipts from business and industrial purchases. Areas surrounding the Silicon Valley continue to be the center of greatest recovery though a recent up-tick in travel helped produce gains in some vacation/resort communities. The inland parts of California still lag the coastal regions.

It's Official! The Recession is Over!

The National Bureau of Economic Research (NBER) has announced that the recession ended in June of 2009. Technically, this means that economic indicators show that the economy has finally bottomed out. It does not mean that a recovery has occurred. This year's earlier exuberance has given way to near consensus among economists that the state's recovery will be slow with less than average growth over the next two years. The argument is that further deleveraging from years of over-spending, over-borrowing, hyper-speculative investment and unsustainable real estate prices must occur before we reach the base on which normal growth restarts. With the focus on productivity innovations rather than jobs, unemployment is expected to stay in double digits at least until the end of 2012. Sales tax revenues are expected to continue to recover but at slightly lower rates than

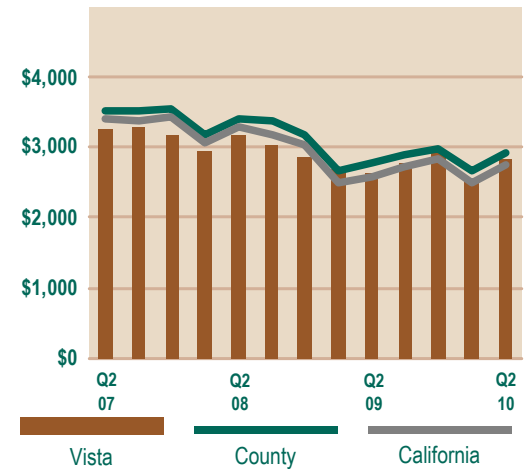
experienced earlier in the year from various tax credit, stimulus rebate and manufacturer incentive programs.

Green Energy Exemptions

The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) has fast-tracked adoption of their emergency regulations for implementing new sales and use tax exemptions for "Green Manufacturing" authorized by SB 71, the only significant new sales tax related bill adopted in 2010 to date. The first approvals are planned for their November 17 meeting. Industry lobbyists have shut local governments out of the process and additional regulations are now being developed for exempting major alternative energy projects such as solar, geothermal and wind. There is no cap on the value of state and local sales tax losses that CAEATFA may approve.

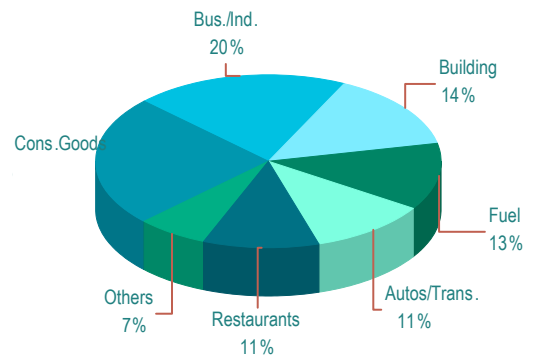
Local governments will not be notified of applications potentially impacting their revenues. However, agenda notices can be obtained by signing up at <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Vista This Quarter



VISTA TOP 15 BUSINESS TYPES

Business Type	Vista		County	HdL State
	Q2 '10*	Change	Change	Change
Discount Dept Stores	\$413.8	1.1%	0.3%	0.1%
Service Stations	333.4	21.4%	18.5%	18.2%
Light Industrial/Printers	255.5	6.5%	3.7%	14.8%
Restaurants No Alcohol	171.6	18.4%	8.8%	4.6%
Lumber/Building Materials	163.0	6.6%	3.4%	3.0%
Plumbing/Electrical Supplies	149.3	5.5%	5.6%	9.1%
New Motor Vehicle Dealers	— CONFIDENTIAL —		18.3%	16.4%
Grocery Stores Liquor	91.5	0.8%	0.9%	1.0%
Specialty Stores	66.7	-4.9%	3.7%	1.2%
Restaurants Liquor	65.8	25.9%	10.7%	6.9%
Family Apparel	55.1	-8.6%	15.3%	10.3%
Restaurants Beer And Wine	51.5	0.5%	-3.8%	-3.4%
Business Services	46.1	120.4%	0.6%	10.6%
Used Automotive Dealers	44.6	15.5%	14.0%	10.1%
Drug Stores	42.1	1.8%	1.1%	-1.2%
Total All Accounts	\$2,761.2	9.1%	7.0%	7.4%
County & State Pool Allocation	326.6	16.3%		
Gross Receipts	\$3,087.8	9.8%		<i>*In thousands</i>