

# Q2 2006



# City of Eureka Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2006)

## Eureka In Brief

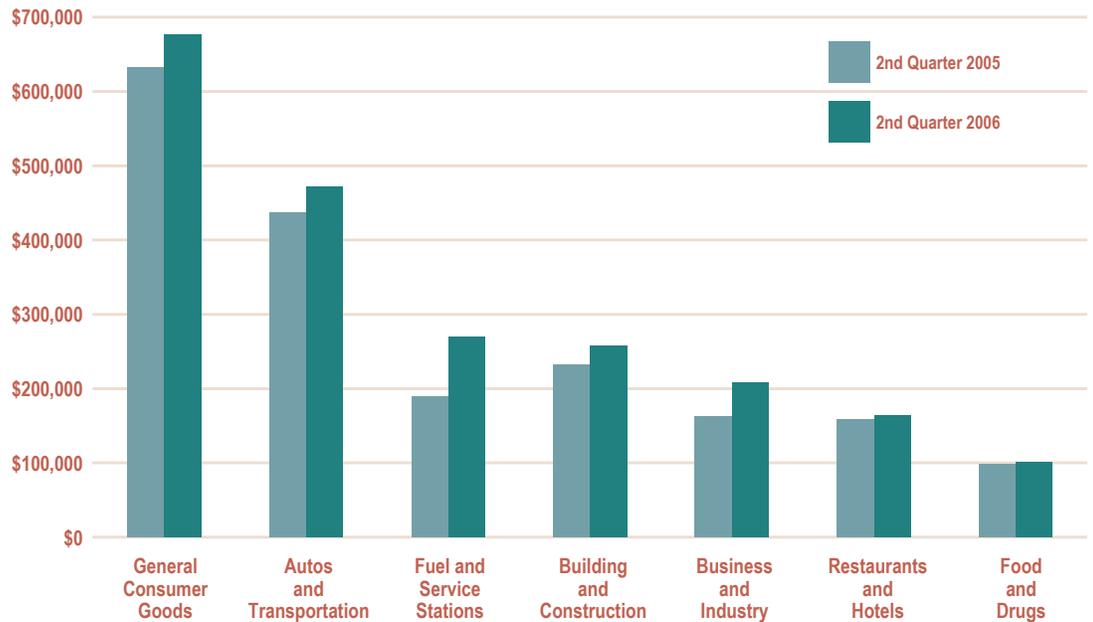
The allocation from Eureka's spring sales quarter was 6.9% higher than the same quarter of 2005.

A spike in fuel prices and a solid quarter for lumber/building materials, plumbing/electrical supplies and discount department stores all contributed to the increase. A recent addition to the industrial repair shop/rentals classification was also a factor. Comparisons of boats/motorcycles were skewed by reporting aberrations.

The gains were partially offset by a decline in sales of new and used autos and trucks and in receipts from the countywide use tax allocation pool.

Total sales and use tax receipts for all of Humboldt County increased 10.4% over the comparable time period while the far north region of California as a whole, was up 9.0%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

14th Street 76	Mid City Mazda
Carpet Depot	BMW Honda
Chevron	Toyota
Costco	Northwood Auto Plaza
Gottschalks	Peterson Tractor
Harper Ford Lincoln	Pierson Building Supply
Jeep Kia	Redwood Harley Davidson
Hensell Materials	Davidson
Humboldt Texaco	Ross
K Mart	Schmidbauer
L&M Renner	Building Supply
Lithia Chrysler	Sears
Dodge of Eureka	Staples
Longs	Target
McCrea Nissan	Winco Foods
Mervyns	

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2005-06	2006-07
<b>Point-of-Sale</b>	\$1,912,106	\$2,148,231
<b>County Pool</b>	310,042	226,784
<b>State Pool</b>	3,204	2,926
<b>Gross Receipts</b>	<b>\$2,225,352</b>	<b>\$2,377,941</b>
<b>Less Triple Flip*</b>	\$(556,338)	\$(594,485)

\*Reimbursed from county compensation fund

**California's Spring Sales**

Statewide receipts from retail sales and use tax payments were 5.6% higher than the second quarter of 2005. All regions of the state exhibited gains with one-fourth of the increase due to a spike in prices of fuel and petroleum related products.

Consumer spending appeared to be strong in most regions with home furnishings, electronics/appliances and apparel all showing healthy growth over the previous spring quarter. Receipts from business purchases and capital investment were also generally up although the comparisons were skewed by numerous accounting adjustments. Revenues from sales of equipment and supplies to companies in the high-tech, health-related and petroleum industries showed the most consistent gains.

The overall increase occurred despite a decline in new car sales which were down for the second quarter in a row. Mid-priced domestic nameplates continued to bear the bulk of the decrease while receipts from dealers of luxury makes and fuel efficient Asian brands remained relatively stable. Lumber and building material sales were down in Northern California and the San Joaquin Valley due to severe weather conditions.

Revenues from restaurants appeared to hold up generally well despite concerns that higher fuel prices might impact higher priced, full service establishments. Food & Drug receipts took an unexpected jump because of state processing errors that folded some early-arriving third quarter payments into the current allocation.

**Good Through 2006?**

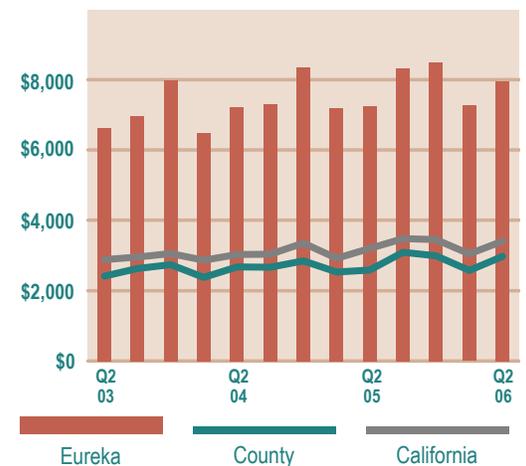
Despite concerns about the impact of the downturn in housing and auto sales, expectations by various forecasters for the remainder of 2006 are relatively optimistic. Easing fuel prices from the spring spike has relieved fed-

eral concerns about growing inflation and should reduce the strain on heavy petroleum product users. Discount retailers are also expected to benefit from a let up in fuel prices because the biggest impact has been on lower income families that are an important part of their customer base.

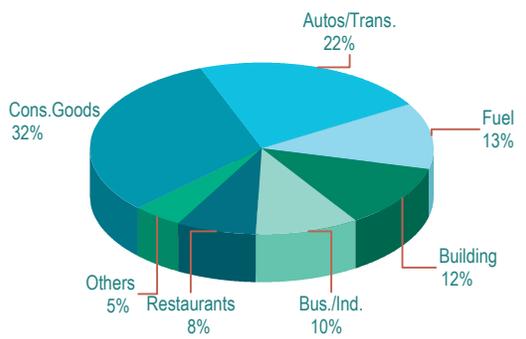
Preliminary reports are that household spending in the third quarter is up and the National Retail Federation (NRF) is predicting holiday sales to rise 5% over 2005. The weakening U.S. dollar is expected to sustain the current foreign demand for machines, computers and other equipment and help partially offset some of the employment concerns related to declining residential investment.

Even the UCLA Anderson Forecast which has been the most pessimistic tracker of the California economy, no longer believes that the state will go into recession unless job losses begin occurring in sectors outside the housing industry. Their September forecast does however, predict very slow growth in 2007 with building permits continuing to decline to 2008.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Eureka This Quarter



**EUREKA TOP 15 BUSINESS TYPES**

Business Type	Eureka		County	HdL State
	Q2 '06*	Change	Change	Change
New Motor Vehicle Dealers	\$289.5	-2.4%	-4.0%	-0.6%
Discount Dept Stores	274.6	6.7%	4.7%	7.3%
Lumber/Building Materials	148.2	13.5%	19.6%	-0.7%
Petroleum Prod/Equipment	139.6	18.6%	36.2%	22.7%
Service Stations	129.5	80.8%	63.2%	20.2%
Department Stores	93.2	5.0%	4.6%	2.1%
Restaurants No Alcohol	64.8	0.0%	-1.9%	7.2%
Boats/Motorcycles	60.5	92.5%	66.5%	10.9%
Restaurants Beer And Wine	51.2	-5.3%	1.6%	7.0%
Family Apparel	47.5	2.3%	4.1%	13.4%
Grocery Stores Liquor	47.0	5.7%	5.4%	14.2%
Plumbing/Electrical Supplies	46.0	28.5%	28.1%	18.0%
Specialty Stores	41.6	4.7%	6.7%	8.6%
Restaurants Liquor	40.8	24.3%	13.8%	10.8%
Repair Shop/Hand Tool Rentals	40.3	191.7%	107.2%	14.3%
<b>Total All Accounts</b>	<b>\$2,148.2</b>	<b>12.3%</b>	<b>16.0%</b>	<b>7.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>229.7</b>	<b>-26.7%</b>		
<b>Gross Receipts</b>	<b>\$2,377.9</b>	<b>6.9%</b>		<i>*In thousands</i>