

Q4 2010



City of Glendale Sales Tax Update

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

Glendale In Brief

Receipts for sales occurring October through December were 5.8% greater than the same quarter a year ago.

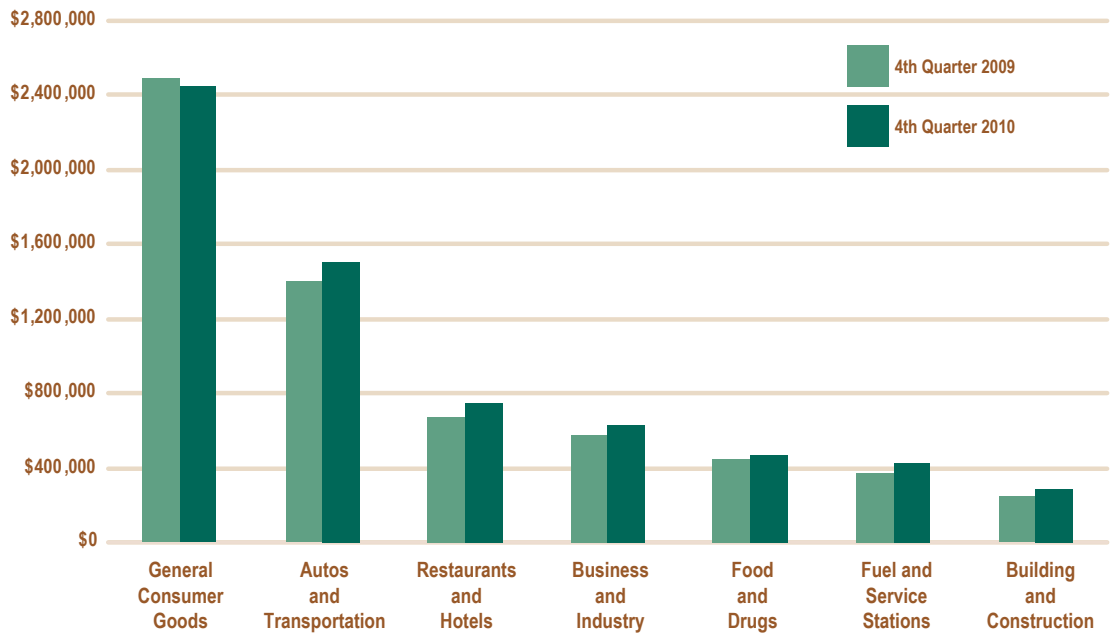
A couple of new dealerships added to higher returns for new car sales while the entertainment sector posted gains. Payment deviations inflated the increase in restaurants. Higher fuel prices and an additional station boosted returns in the fuel & service station group.

The rise in electronics was a bright spot in the retail sector with spotty performance in department stores accompanied by a delayed allocation in family apparel.

An increase in the countywide use tax allocation pool contributed to the rise in gross receipts.

Adjusted for reporting aberrations, taxable sales for all of Los Angeles County including its cities gained 7.1% over the comparable time period while Southern California as a whole was up 6.8%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Allen Gwynn Chevrolet	Kwik/AI Sal Oil
Apple Computer	Lexus of Glendale
Bob Smith Toyota	Macys
City of Glendale	Nordstrom
Diamond Honda	Pacific BMW
Financial Services Vehicle Trust	Ralphs
Forever 21	Sears
Glendale Dodge Chrysler Jeep	Star Ford Lincoln
Glendale Mitsubishi	Target
Glendale Nissan Infiniti	Toyota Motor Credit
Home Depot	Toyota of Glendale
JC Penney	Video Equipment Rental
	Vons

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$17,893,351	\$18,337,030
County Pool	1,865,476	2,042,406
State Pool	17,253	9,346
Gross Receipts	\$19,776,080	\$20,388,782
Less Triple Flip*	\$(4,944,020)	\$(5,097,196)

*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.

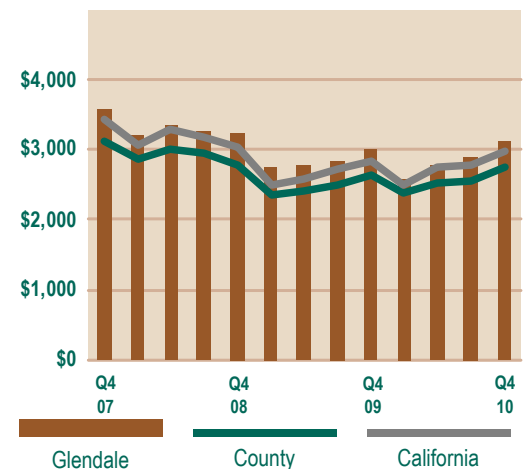
Renewable Energy Exemptions

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



GLENDALE TOP 15 BUSINESS TYPES

Business Type	Glendale		County	HdL State
	Q4 '10*	Change	Change	Change
Auto Lease	228.6	-4.6%	17.8%	33.4%
Department Stores	639.0	-3.2%	3.7%	2.6%
Discount Dept Stores	— CONFIDENTIAL —		2.3%	2.2%
Electronics/Appliance Stores	239.2	22.4%	6.3%	8.8%
Family Apparel	419.6	-6.9%	7.3%	5.8%
Grocery Stores Liquor	247.9	6.7%	6.5%	4.7%
Home Furnishings	110.6	5.9%	5.1%	5.8%
Light Industrial/Printers	118.7	-2.9%	-3.7%	-3.7%
Lumber/Building Materials	155.0	-0.2%	-13.4%	-14.6%
New Motor Vehicle Dealers	1,058.4	10.6%	12.3%	14.4%
Restaurants Liquor	265.7	16.3%	6.4%	8.0%
Restaurants No Alcohol	371.0	10.6%	6.6%	5.6%
Service Stations	428.1	13.0%	10.9%	13.1%
Specialty Stores	237.7	2.6%	6.8%	7.5%
Women's Apparel	234.9	-0.8%	3.6%	3.4%
Total All Accounts	\$6,517.5	4.8%	4.9%	5.8%
County & State Pool Allocation	693.6	16.8%		
Gross Receipts	\$7,211.1	5.8%		<i>*In thousands</i>