

Q1 2013



National City Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2013)

National City In Brief

Receipts for National City's January through March sales were 2.5% higher than the same quarter one year ago. Actual sales activity was up 3.7% when reporting aberrations were factored out.

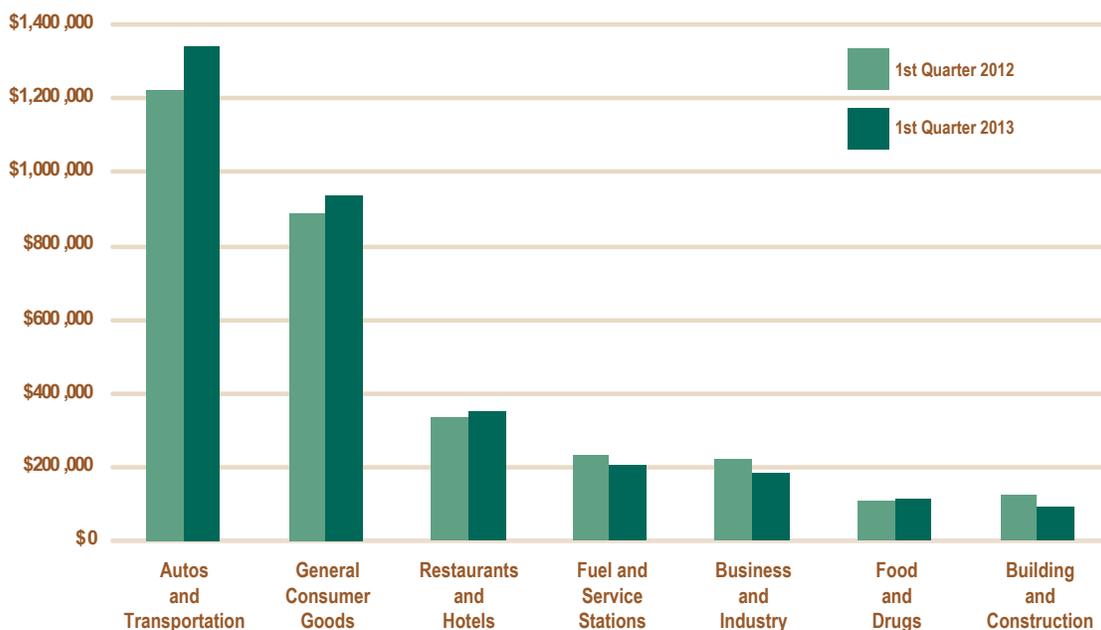
A recent addition helped boost sales for new auto dealers. Receipts from auto leases were skewed by onetime accounting adjustments in the year-ago period. The city experienced a strong sales quarter for several categories of general consumer goods.

The gains were partially offset by a drop in sales for service stations, lumber/building materials, and contractors. A business relocation reduced receipts for light industrial/printers.

The city's voter-approved Proposition D one cent transactions tax generated \$2,214,219 for a 2.1% gain over the same quarter a year ago.

Adjusted for aberrations, taxable sales for all of San Diego County increased 6.1% over the comparable time period, while the Southern California region as a whole was up 6.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Arco AM PM	Perry Ford
Ball Honda Acura	Probuild Company
Mitsubishi Suzuki	Ron Baker Chevrolet
Kia	Ross
Frank Hyundai	South Bay
Frank Subaru	Volkswagen
Frank Toyota Scion	South County Buick
Highland Arco	GMC
JC Penney	Target
Macys	Tesoro Refining & Marketing
McCune Motors	Univar
Mor Furniture 4 Less	Vintners Distributors
Mossy Nissan	Walmart
Nordstrom Rack	Wescott Mazda
Perry Chrysler	
Dodge Jeep Ram	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$12,126,222	\$13,068,292
County Pool	1,436,723	1,563,945
State Pool	4,415	6,860
Gross Receipts	\$13,567,361	\$14,639,097
Less Triple Flip*	\$(3,391,840)	\$(3,659,774)
Gross Trans. Tax	\$9,172,531	\$9,148,328

*Reimbursed from county compensation fund

California Overall

After adjusting for payment aberrations, statewide sales tax receipts for January through March sales were 6.5% higher than the same period in 2012.

Strong sales for apparel, department stores and big box discounters lifted general consumer goods and accounted for 23% of the statewide increase. Improvements in the housing sector pushed building and construction sales up 8.6%. Continued robust sales of new automobiles led to a 9.3% increase over the comparable quarter. Reduced consumption combined with lower gasoline prices cut fuel and service station returns in the first quarter by 2.7%.

Energy Projects Boost Business and Industry Gains

Taxes from construction of solar, wind, biomass and geothermal power projects accounted for 39% of California's business-to-business sales this quarter and produced significant windfalls for a handful of local agencies.

This temporary boost in revenues came from the federal government's goal of doubling the nation's renewable energy production in three years and from California's SB 2X which was signed in April of 2011 and calls for 33% of all retail electricity sales to be from renewable energy sources by 2020. Joint federal and state funding efforts to meet these goals have resulted in the initiation of more than a dozen utility-scale solar energy projects and over 130 renewable power plant projects in California.

Intermittent quarterly spikes in sales and use tax receipts from projects under construction or in the pipeline are expected for another two years.

Decline in Fuel Consumption Continues

According to the most recent data from the State Board of Equalization, California's gasoline usage fell 1.7% while diesel consumption eased 0.4% in the fourth quarter of 2012 from 2011 levels. This continues a decline that began in 2005 and which is almost twice the nationwide drop.

Historically, economic conditions have been the primary driver in fuel usage, however other factors are becoming increasingly prevalent. Nationally, total vehicle miles traveled have dropped eight years in a row as aging drivers travel fewer miles and the millennial generation, focused on social networking technology, is driving less than previous generations. Increased fuel efficiency is also at play with the average new car achieving 16% more miles per gallon than just five years ago and some

commercial trucking fleets shifting to natural gas.

Until recently, price increases have offset consumption declines. The price gains were partly the result of California refineries exporting their finished product to emerging economies with higher demand and also by periodic refinery and transmission interruptions in the state's limited production infrastructure.

SALES PER CAPITA



NATIONAL CITY TOP 15 BUSINESS TYPES

Business Type	National City		County	HdL State
	Q1 '13*	Change	Change	Change
Department Stores	138.0	3.5%	0.3%	5.1%
Discount Dept Stores	— CONFIDENTIAL —		5.2%	5.1%
Electronics/Appliance Stores	63.0	-2.2%	1.2%	-3.3%
Family Apparel	163.8	6.5%	16.2%	16.3%
Heavy Industrial	51.7	-4.6%	6.8%	7.8%
Home Furnishings	48.9	9.6%	4.7%	4.6%
Lumber/Building Materials	48.1	-18.0%	0.6%	7.2%
New Motor Vehicle Dealers	1,085.6	3.3%	6.9%	9.5%
Restaurants Liquor	54.5	3.6%	3.0%	6.4%
Restaurants No Alcohol	245.7	5.3%	8.6%	6.0%
Service Stations	206.6	-7.4%	2.4%	-2.2%
Shoe Stores	58.3	0.2%	7.8%	10.6%
Specialty Stores	83.7	20.0%	10.0%	2.4%
Used Automotive Dealers	89.0	10.6%	7.2%	7.9%
Women's Apparel	80.0	10.1%	11.4%	14.6%
Total All Accounts	\$3,221.8	2.8%	3.2%	5.7%
County & State Pool Allocation	396.4	-0.2%		
Gross Receipts	\$3,618.2	2.5%		<i>*In thousands</i>