

Q2 2013



City of Glendale Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2013)

Glendale In Brief

Receipts for Glendale's April through June sales were 0.7% higher than the same quarter one year ago.

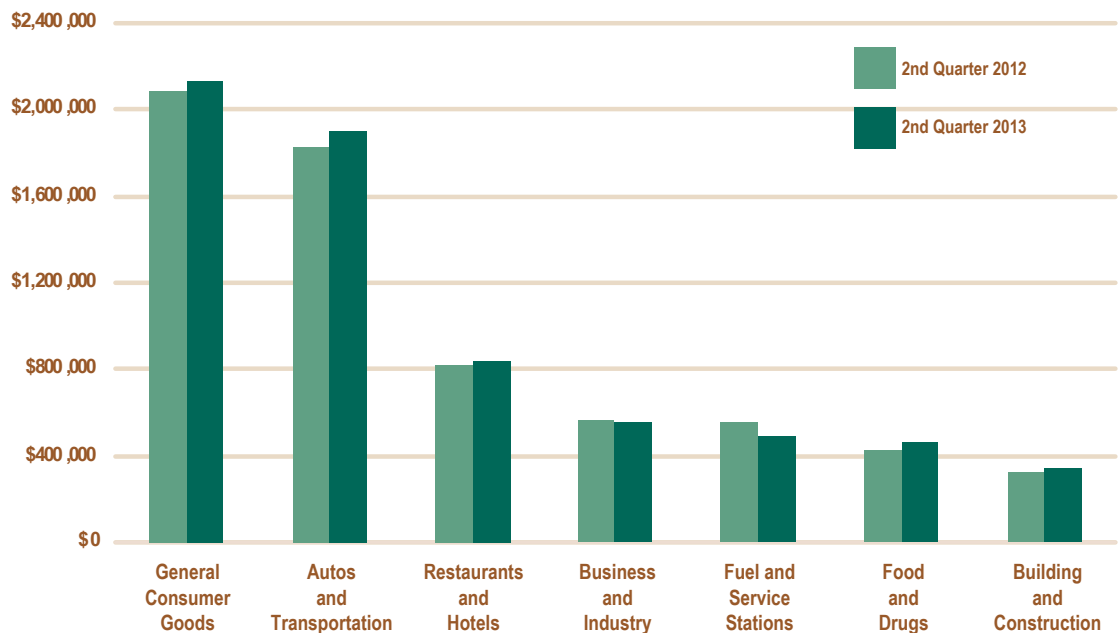
Retroactive adjustments in the shoe store category offset sluggish results in most general retail sectors. Construction activity related to upgraded retail facilities was a contributing factor.

New auto sales were on the upside but lagged regional and statewide trends while restaurant sales activity fared the best in fast food and restaurants serving liquor. Gains in the building and construction group reflected the post-recession recovery. A new outlet added to already positive returns in food and drugs overall.

The decline in motion pictures/equipment was the primary reason for lower business to business results. However, a taxpayer refund in light industrial/printers that understated the year-ago period partially offset the loss. Lower fuel prices and a potential reporting error accounted for the decrease in fuel and service stations.

Aadjusted for aberrations, taxable sales for all of Los Angeles County increased 3.7% over the comparable time period, while the Southern California region as a whole was up 5.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Al Sal 76	Lexus of Glendale
Allen Gwynn	Macys
Chevrolet	New Century
Apple	Volkswagen
Bob Smith Toyota	Nordstrom
Calstar Mercedes	Pacific BMW
Daimler Trust	Ralphs
Diamond Honda	Star Ford Lincoln
Financial Services	Target
Vehicle Trust	Toyota of Glendale
Glendale Dodge	Vans
Chrysler Jeep	Video Equipment
Glendale Mitsubishi	Rental
Glendale Nissan	Vons
Infiniti	
Home Depot	
JC Penney	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$6,604,155	\$6,729,646
County Pool	777,813	703,698
State Pool	6,621	4,625
Gross Receipts	\$7,388,589	\$7,437,970
Less Triple Flip*	\$(1,847,147)	\$(1,859,492)

**Reimbursed from county compensation fund*

State Overall

Adjusted for accounting anomalies, receipts from local governments' one cent sales and use tax were up 5.4% over the second quarter of 2012.

More than half of the increase was driven by a strong quarter for auto sales plus new revenues flowing to the countywide use tax allocation pools largely as result of the previous passage of AB 155's expanded definition of nexus for out-of-state companies required to collect California sales and use taxes.

Receipts from the building and construction categories exhibited significant gains reflecting the beginning of a recovery in new housing construction and considerable remodeling activity. Restaurant sales were also strong but limited to low priced quick service chains and higher priced fine dining restaurants with full liquor licenses.

Gains from general consumer goods were modest overall and tended to be retailer and community specific. Tax revenues from fuel were down from last year's comparable quarter while receipts from business and industrial purchases were flat with the few increases in that group primarily tied to agriculture and food processing.

The Remaining Fiscal Year

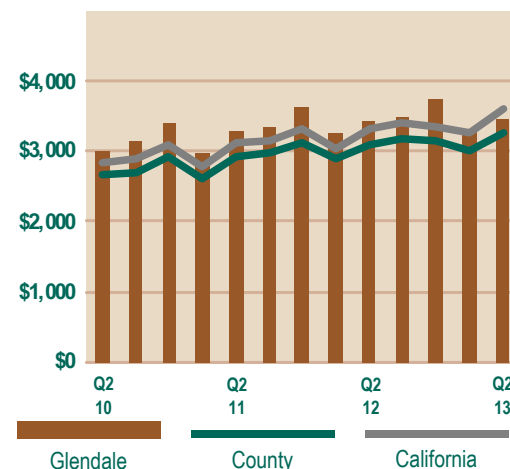
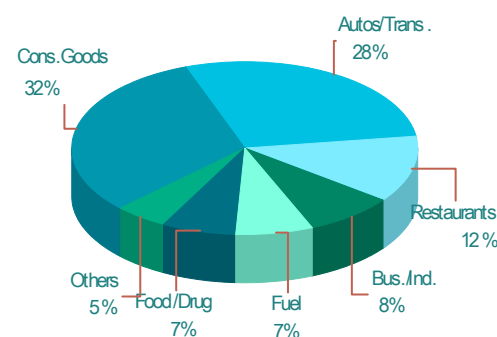
The general consensus is that the state's economy will continue to recover in 2013-14 but sales tax growth may be more modest in the second half of the fiscal year than the first half.

Auto sales which have been up by double digits from years of pent-up demand are expected to plateau in another quarter or two with the pace of growth returning to more normal levels. With consumers taking on more debt to purchase new cars and homes, discretion-

ary spending on other items is expected to slow. Low inflation, price competition and a job recovery tilted toward low paying or part-time work will also keep the cost of taxable goods in check.

The six year boom in the state's technology sector appears to be slowing with companies shifting from buying their own hardware and software to renting computer power through cloud based services. Gas prices will continue to be impacted by refinery shutdowns, Middle East crises and oil speculators. However with today's new cars almost 20% more fuel efficient than those sold only six years ago, further tax gains from this segment are not anticipated.

Continued recovery in construction activity is expected to generate a major share of sales tax growth in the second half of the fiscal year. With rising home and stock market values benefiting higher income families, luxury goods in all categories are also projected to show solid gains.

SALES PER CAPITA**REVENUE BY BUSINESS GROUP**
Glendale This Quarter**GLENDALE TOP 15 BUSINESS TYPES**

Business Type	Glendale		County	HdL State
	Q2 '13*	Change	Change	Change
Auto Lease	260.8	9.4%	17.7%	13.6%
Department Stores	442.7	-2.4%	0.0%	0.2%
Discount Dept Stores	— CONFIDENTIAL —		2.5%	2.3%
Electronics/Appliance Stores	236.1	1.4%	4.3%	3.9%
Family Apparel	394.1	-3.4%	4.3%	4.7%
Grocery Stores Liquor	224.3	6.4%	4.2%	2.7%
Lumber/Building Materials	179.3	5.8%	-7.3%	-4.6%
New Motor Vehicle Dealers	1,372.8	2.1%	6.8%	11.1%
Restaurants Beer And Wine	122.1	-2.2%	-2.7%	-1.1%
Restaurants Liquor	325.1	8.0%	11.1%	9.8%
Restaurants No Alcohol	369.0	0.9%	5.9%	5.9%
Service Stations	479.0	-12.6%	-5.8%	-5.7%
Shoe Stores	131.6	64.7%	40.0%	39.6%
Specialty Stores	210.6	4.7%	3.4%	5.5%
Women's Apparel	172.5	-5.9%	5.5%	2.9%
Total All Accounts	\$6,729.6	1.9%	6.4%	7.0%
County & State Pool Allocation	708.3	-9.7%		
Gross Receipts	\$7,438.0	0.7%		<i>*In thousands</i>