



Quarterly Financial Report Sales Tax

The first quarter 2012-13 sales tax performance was \$119,000 or 11.4% above prior year, primarily due to the addition of a major retailer and taxable revenues for car dealerships increasing by 32% over the same quarter last year. Sales tax revenue was also \$26,000 or 2.6% above budget.

Sales Tax Revenue

1st Quarter 2012-13 Sales Tax Revenue Performance					
	2012-13 Actual	2012-13 Budget	2011-12 Actual	2012-13 Actual vs. Budget	2012-13 Actual vs. 2011-12 Actual
Bradley-Burns (3/4%)	\$909,273	\$884,400	\$812,162	2.8%	12.0%
Local Tax (1/4%)	\$251,114	\$249,700	\$229,269	0.6%	9.5%
Total Year-To-Date Sales Tax	\$1,160,387	\$1,134,100	\$1,041,431	2.3%	11.4%

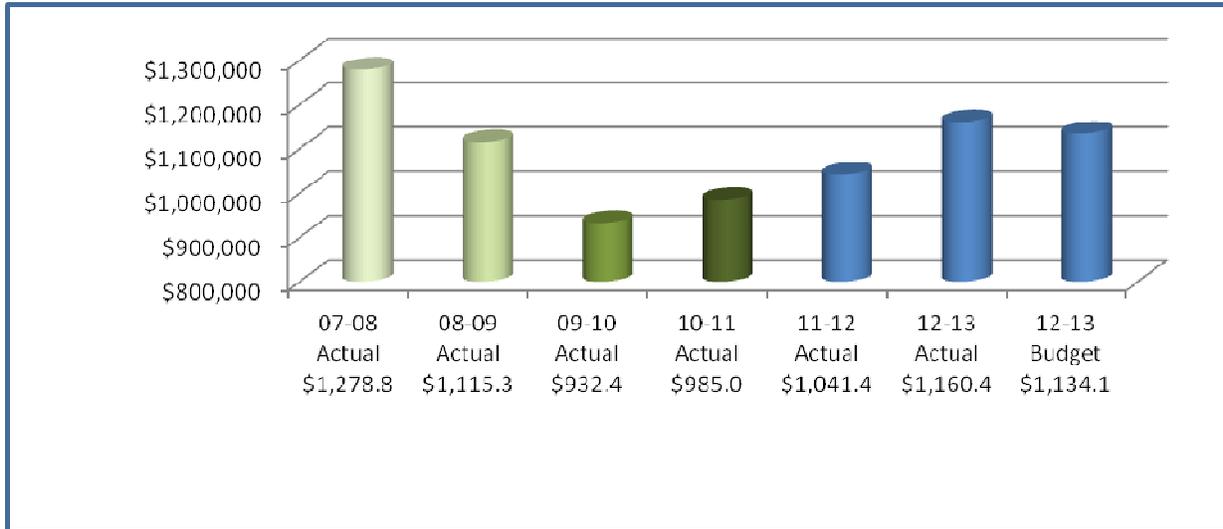
The chart below shows the State Triple Flip actual allocations for 2012-13 as published by the Santa Cruz County Auditor-Controller in late December 2012. The actual remittance for the Triple Flip will be \$27,000 lower than was anticipated in the 2012-13 Budget.

2012-13 Sales Tax Triple Flip Allocation					
(1/4% Bradley-Burns allocation)					
	2012-13 Actual	2012-13 Budget	2011-12 Actual	2012-13 Actual vs. Budget	2012-13 Actual vs. 2011-12 Actual
December distribution	\$578,743	\$564,600	\$448,720	\$14,143	\$130,023
April distribution	\$523,675 (a)	\$564,600	\$498,275	(\$40,925)	\$25,400
Total allocation	\$1,102,418	\$1,129,200	\$946,995	(\$26,782)	\$155,423

(a) Published allocation from Santa Cruz County Auditor-Controller, December, 2012.

The historical trend of first quarter sales tax revenue shown below is relatively representative of the full year trend, with Q1 2007-08 being the high point at \$1,278,800 and Q1 2009-10 being the low point at \$932,400, a \$346,400 or 27.1% decline. Over the course of the six year history five major revenue producers and another fifteen moderate revenue producers have closed their businesses or left the City. Fourteen of these businesses were national or regional companies that have gone out of business or closed groups of stores as a survival strategy. The improvement from 2009-10 to 2012-13 of \$228,000 or 24.5% is due to the eventual leasing of vacant retail spaces combined with the slowly recovering economy.

Historical First Quarter Sales Tax Revenue Performance
 (Excludes biannual triple flip allocation)
 (\$000)



The chart below shows the breakout of ownership type for Capitola businesses. The distribution is roughly equal between sole proprietorship/partnership businesses and corporation/limited partnership ownership. While the above change in businesses was heavily corporate at 70%, so is the majority of Capitola’s sales tax revenue source. Corporate businesses are responsible for 93.9% or over \$1 million of the Q1 revenue.

Ownership of Capitola Businesses

