



STATE OF CALIFORNIA

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September 23, 2010

City of  
Finance Director  
Address  
Sacramento, CA 95814

Tax Area Code:

Dear Finance Director:

*Third Quarter 2010 Advances Growth Factor*

This letter is to inform you that we have applied a flat growth factor to the Third Quarter 2010 advance payments. The latest Department of Finance growth factor projection estimates a 6.6% positive growth factor for this period. Some factors, which are listed below, have caused Local Revenue Allocation Staff to apply a flat growth factor to the 3Q10 quarterly advances.

- A. Statewide cash receipts for the first 3Q10 prepayment were down more than 9% compared to the 3Q09 first prepayment. (Note: The cash receipts amounts were adjusted for the 1% state increase going directly to the state in arriving at percentage change).
- B. Sales and Use Tax returns for 2Q10 were compared to 2Q09 for all jurisdictions and showed an overall local tax decrease of approximately 2.2% and add-on (district) tax overall decrease of approximately 2.3%.

We will continue to monitor the cash receipts for the remainder of the quarter in order to determine whether any adjustments will be required. Local jurisdictions will be notified of any adjustments that are needed to the third advance for 3Q10. If you have any questions, please reply via email to [EWGroup@BOE.ca.gov](mailto:EWGroup@BOE.ca.gov) or call (916) 324-3000.

Sincerely,

L. D. Micheli  
Supervisor  
Local Revenue Allocation Unit