

# Q1 2014

LIVERMORE

# City of Livermore Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2014)

## Livermore In Brief

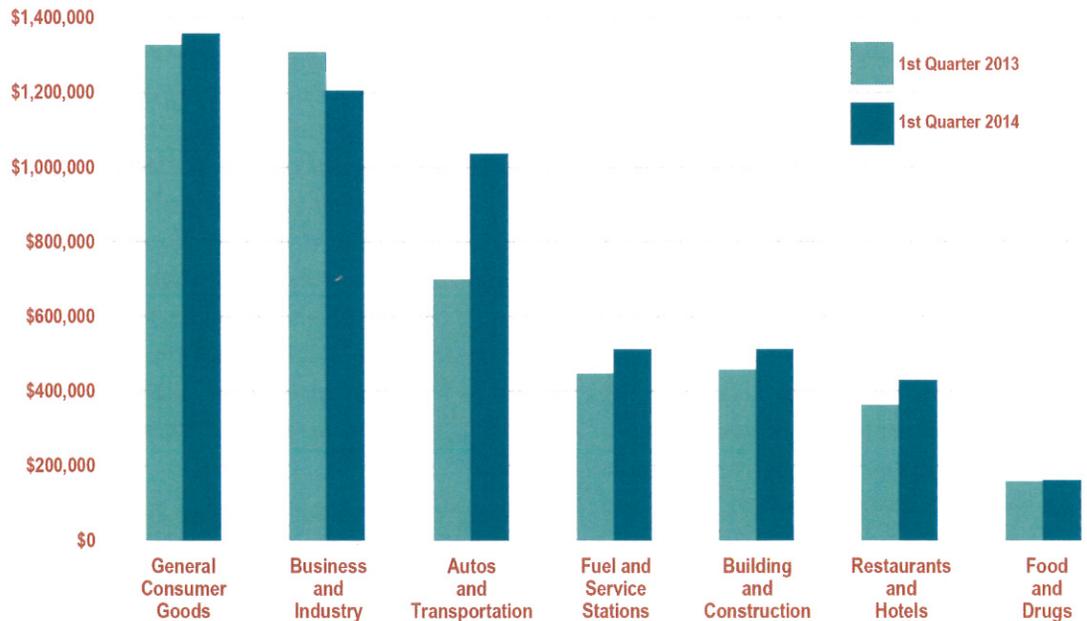
Receipts for Livermore's January through March sales were 10.9% above the same quarter one year ago.

In recent quarters strong sales tax growth in the city has been mainly the result of the opening of the highly successful Paragon Outlets. With the first phase now fully open general consumer goods sales tapered to a more moderate rate. As a result first quarter growth was primarily due to the autos and transportation and restaurant and hotels categories both of which benefited from new business additions. However, retroactive accounting adjustments also boosted gains for both. Building and construction and fuel and service station classifications appeared to be up but the increases were due to late-arriving receipts from sales in a prior quarter.

Conversely, on a cash receipts basis, business and industry was down but a combination of accounting adjustments that took away money this year and added receipts in the comparison quarter caused the drop. Net of these aberrations, actual results easily outpaced regional and statewide trends.

Adjusted for aberrations, taxable sales for all of Alameda County increased 7.2% over the comparable time period, while the Bay Area as a whole was up 4.8%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

AMS Net	Lowes
Architectural Glass & Aluminum	Macpherson Western Tool Supply
Caltrol	Mobile Modular Management
Costco	Porsche of Livermore
Harris Rebar	Prada
Home Depot	Quik Stop Market
International Paper	Safeway
J A Momaney Services	Safeway Fuel
Jifco	Target
Kaiser Pharmacy	US Foodservice
Livermore Audi/Subaru/Honda	Walmart
Livermore Ford Lincoln Mitsubishi	Waxies
Livermore Toyota & Scion	

## REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$19,619,295	\$22,899,807
County Pool	2,869,234	3,635,501
State Pool	11,168	16,002
<b>Gross Receipts</b>	<b>\$22,499,697</b>	<b>\$26,551,310</b>
Less Triple Flip*	\$(5,624,924)	\$(6,637,827)

\*Reimbursed from county compensation fund

Published by HdL Companies in Summer 2014

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COMPANIES

**Statewide Results**

Net of payment aberrations, first quarter retail sales were 3.8% higher than the same period one year earlier.

Sales of new automobiles were up 9.4%, stimulated by pent up demand, consumer interest in new feature-rich models and easy financing options. The building and construction sector reported solid gains in a number of categories, notably contractors, sellers of lumber/building materials and suppliers of plumbing/electrical equipment. Restaurant and hotel receipts increased by 6.4%, out-pacing all other industry groups except autos and transportation.

Proceeds from general consumer goods were flat primarily due to the ongoing shift from brick-and-mortar stores to online retailers, many of which allocate the local sales tax to the countywide allocation pools. Gains from most other segments were relatively modest, while tax revenues from fuel sales experienced a fifth consecutive quarterly drop.

**Sales Tax and the Drought**

All of California is currently under either severe or exceptional levels of drought and is experiencing the driest 30 month period in the state's recorded history.

A recent study by UC Davis projects that the socioeconomic impacts of the current drought will be 50% more severe than in 2009 with 410,000 acres of row and feed crops taken out of production in order to preserve diminishing water supplies for longer term orchard and vineyard investments and the thinning of cattle and dairy herds in anticipation of green pasture shortages. A loss of 14,500 jobs is estimated as are higher food prices and increased energy costs to replace the loss of inexpensive hydro power.

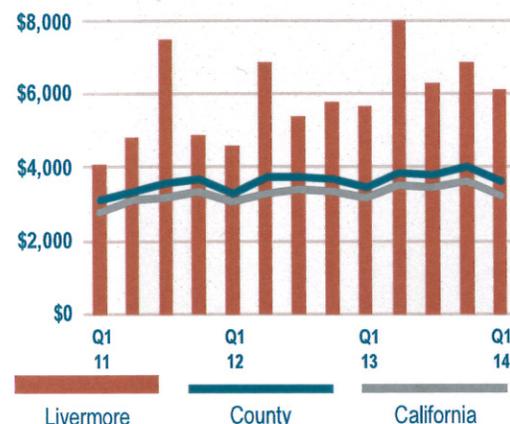
Even so, most analysts predict that the near term impact on the overall statewide economy and 2014-15 sales tax receipts should be minor though some localized pockets may be vulnerable where dependency on agricultural and water-related tourism expenditures is exceptionally high.

The analysts point out that less than 3% of the state's economy comes from agriculture and that in many areas surface water supplies are being replaced with increased pumping of groundwater. They further estimate that the impact of job losses will be offset by employment growth in other segments of the economy. They also note that government drought aid, crop insurance, unemployment benefits and public assistance programs will temporarily avert some potential economic and revenue impacts.

The longer term concern is that the drought could persist for another two or three years. Groundwater

supplies are being pumped out at a faster rate than can be naturally recharged and a UC Berkeley analysis suggests that the relatively wet 20th century was an anomaly. If that is true and the state reverts to a suspected drier norm, the impact on the economy, environment, fire safety and food and energy costs will become more severe and far reaching.

**SALES PER CAPITA**



**LIVERMORE TOP 15 BUSINESS TYPES**

Business Type	Livermore		County	HdL State
	Q1 '14*	Change	Change	Change
Business Services	189.7	65.1%	11.5%	-6.1%
Casual Dining	199.1	13.9%	8.8%	6.9%
Contractors	122.7	60.1%	12.9%	14.8%
Discount Dept Stores	— CONFIDENTIAL —	—	-1.6%	-2.6%
Drugs/Chemicals	107.2	2.5%	36.5%	2.2%
Electrical Equipment	149.6	52.4%	4.2%	4.2%
Family Apparel	373.1	18.4%	2.5%	-3.3%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	2.2%	11.4%
Heavy Industrial	185.9	7.6%	20.9%	7.6%
Light Industrial/Printers	216.9	39.5%	10.1%	-1.3%
Lumber/Building Materials	275.7	12.7%	8.2%	16.8%
New Motor Vehicle Dealers	748.3	77.0%	19.4%	9.4%
Quick-Service Restaurants	170.8	18.0%	3.5%	4.8%
Service Stations	502.2	14.2%	4.0%	-1.0%
Specialty Stores	104.5	7.1%	7.7%	2.7%
<b>Total All Accounts</b>	<b>\$5,211.1</b>	<b>9.6%</b>	<b>6.7%</b>	<b>3.2%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$817.2</b>	<b>20.4%</b>	<b>17.2%</b>	<b>7.7%</b>
<b>Gross Receipts</b>	<b>\$6,028.3</b>	<b>10.9%</b>	<b>8.0%</b>	<b>3.7%</b>