

# Q1 2015

LIVERMORE

# City of Livermore Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2015)

## Livermore In Brief

Receipts for Livermore's January through March sales were 2.1% lower than the same quarter one year ago. Actual sales activity was up 3.6% when reporting aberrations were factored out.

A deduction in the countywide use tax allocation pool resulted in a 30% decrease in the city's share. This onetime event reduced overall receipts compared to a year ago.

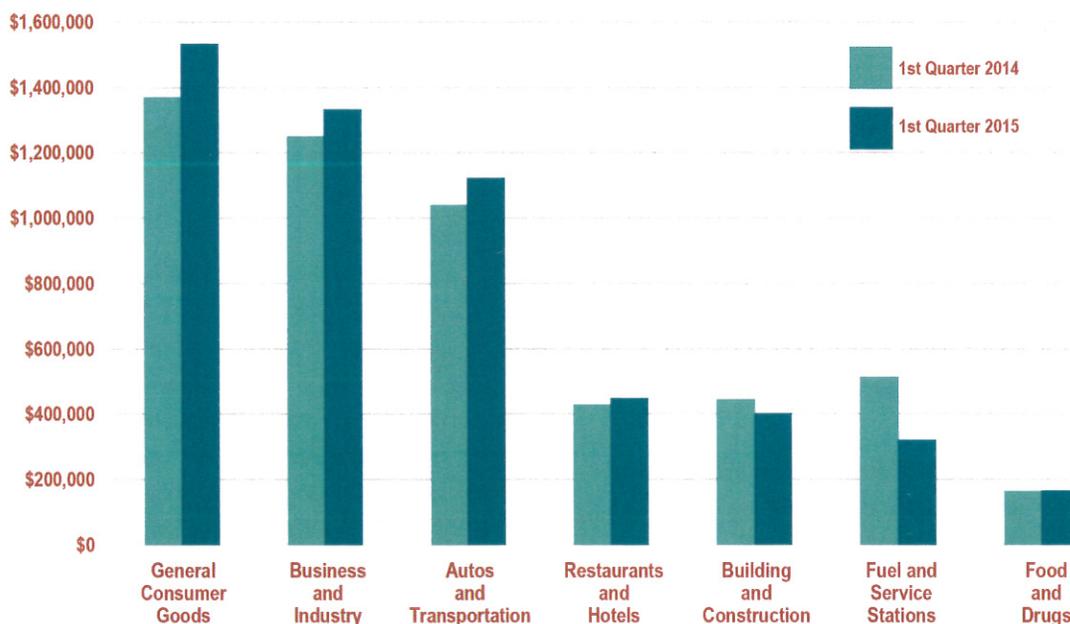
Prior year adjustments accounted for the decline in building and construction. Actual results were commensurate with regional trends. Lower fuel prices in service stations also contributed to reduced returns.

Post-holiday revenues in general retail were inflated by a year ago reporting error in women's apparel. Nonetheless, family apparel, specialty stores, sporting goods and electronics/appliance stores were on the up side.

A temporary adjustment understated the rise in new autos which posted an impressive 21.4% increase on an adjusted basis. Multiple deviations in several sectors including medical/biotech pushed up business to business receipts.

Adjusted for aberrations, taxable sales for all of Alameda County increased 4.5% over the comparable time period, while the Bay Area as a whole was up 4.6%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Burberry Limited	Macpherson
Coach	Western Tool Supply
Costco	Mobile Modular Management
Donna Karan	Porsche of Livermore
Harris Rebar	Safeway
Home Depot	Safeway Fuel
J A Momaney Services	Solar Universe
Kaiser Pharmacy	Tapestry Medical
Livermore Audi/ Subaru/Honda	Target
Livermore Ford Lincoln Mitsubishi	Tommy Hilfiger
Livermore Toyota & Scion	US Foodservice
Lowes	Walmart
	Waxies
	Xpedx

## REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$22,899,807	\$22,750,990
County Pool	3,635,501	3,270,199
State Pool	16,002	15,367
<b>Gross Receipts</b>	<b>\$26,551,310</b>	<b>\$26,036,556</b>
<b>Less Triple Flip*</b>	<b>\$(6,637,827)</b>	<b>\$(6,509,139)</b>

\*Reimbursed from county compensation fund

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**California as a Whole**

Local one cent tax receipts from sales occurring January through March rose 3.65% over 2014's comparable quarter after adjusting for reporting anomalies.

An exceptionally strong quarter for auto sales/leases and restaurants was the primary contributor to the overall increase. A rise in building-construction materials was also a factor although much of this growth came from specific office and sports facility projects in Northern California.

Gains from sales of general consumer goods were primarily in value priced clothing, home furnishings and specialty retail which includes pet supplies and cosmetics. Online shopping involving goods shipped from out of state continues to shift a major portion of the growth in general consumer goods to the countywide pools.

The statewide gains were largely offset by a 21% decline in receipts from fuel and service stations.

**Tax on Services**

The Board of Equalization has released an estimate that levying sales and use tax on services would raise over \$122.5 billion in state and local revenues or enough to lower the overall tax rate to under 4%.

Originally imposed in 1933 as a 2 1/2% tax with only three exemptions, the legislature has gradually exempted more and more goods from the sales tax while raising rates to compensate for the corresponding revenue loss. This and the state's shift from a manufacturing to service economy has created the nation's highest sales tax rate on the narrowest basket of goods.

Although more discussion is needed, there is interest in expanding the sales tax to services and lowering the rate to make the tax less regressive and

more competitive while providing greater flexibility in the development of local tax bases.

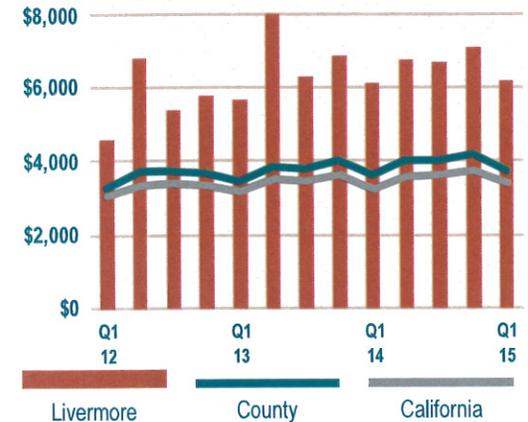
**Tax on Jet Fuel**

The Federal Aviation Administration has ruled that sales taxes on jet fuel must only be used for airport and aviation programs. The rule applies to taxes levied after 1987 but is unclear as to transactions tax districts, Proposition 172 revenues, or revenues collected by jurisdictions without airports. Clarification will not be available until FAA review and approval of a plan that has to be submitted by the state Department of Finance by December 8, 2015.

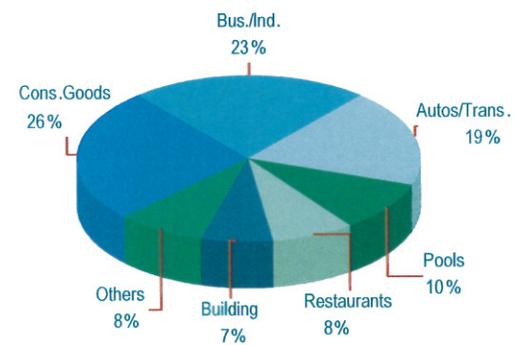
**Tax on Marijuana**

A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE findings are expected by November 2015.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Livermore This Quarter



**LIVERMORE TOP 15 BUSINESS TYPES**

Business Type	*In thousands			
	Livermore Q1 '15*	Livermore Change	County Change	HdL State Change
Casual Dining	264.0	11.0%	10.8%	5.2%
Contractors	112.3	-25.1%	14.2%	14.4%
Discount Dept Stores	— CONFIDENTIAL —	—	5.0%	4.2%
Electrical Equipment	132.4	-11.5%	19.7%	-1.3%
Family Apparel	425.4	10.4%	8.4%	9.8%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	10.8%	8.5%
Heavy Industrial	251.2	4.7%	-10.8%	12.9%
Light Industrial/Printers	215.8	-6.5%	2.1%	6.1%
Lumber/Building Materials	180.9	-12.0%	3.2%	-3.0%
Medical/Biotech	132.1	53.1%	10.8%	5.1%
New Motor Vehicle Dealers	807.2	7.9%	12.9%	11.1%
Quick-Service Restaurants	139.9	-11.3%	12.2%	10.8%
Service Stations	308.8	-38.5%	-24.7%	-21.9%
Specialty Stores	107.9	7.5%	9.7%	10.1%
Women's Apparel	146.5	81.6%	7.3%	1.7%
<b>Total All Accounts</b>	<b>\$5,327.8</b>	<b>2.2%</b>	<b>5.2%</b>	<b>3.6%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$572.0</b>	<b>-30.0%</b>	<b>-28.0%</b>	<b>1.1%</b>
<b>Gross Receipts</b>	<b>\$5,899.7</b>	<b>-2.1%</b>	<b>0.7%</b>	<b>3.3%</b>