

Q2 2015

LIVERMORE

City of Livermore Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2015)

Livermore In Brief

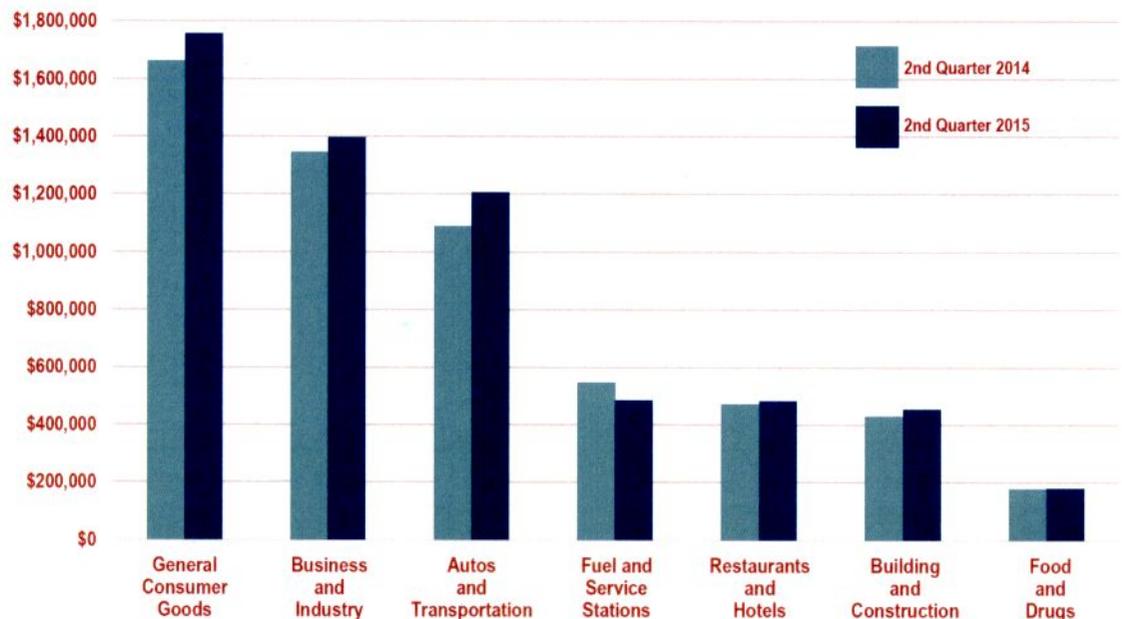
Livermore's receipts from April through June sales were 5.9% higher than the same quarter one year ago.

Solid sales and leasing activity at the city's new car dealers drove automotive group gains. Sales were up from several categories of general consumer goods, but a year-ago reporting problem in women's apparel overstated group results. The heavy industrial sector was a bright spot in the business and industry group where several categories posted increases. A new plumbing-electrical supply outlet helped the building and construction group. The allocation from the countywide use tax pool was also a factor for the overall increase.

Gains were partially offset by lower returns from medical-biotech, business services and some categories of consumer goods. Payment anomalies that affected one or both quarters depressed results from quick service eateries, specialty stores and contractor supplies, but understated the impact of lower fuel prices on service station receipts.

Net of aberrations, taxable sales for all of Alameda County grew 5.1% over the same period; the Bay Area as a whole was up 3.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Macpherson
Coach	Western Tool Supply
Costco	Mobile Modular Management
Harris Rebar	Porsche of Livermore
Home Depot	Prada
J A Momaney Services	Quik Stop Market
Kaiser Pharmacy	Safeway
Kate Spade	Safeway Fuel
Livermore Audi/Subaru/Honda	Target
Livermore Ford Lincoln Mitsubishi	Tommy Hillfiger
Livermore Toyota & Scion	US Foodservice
Lowes	Walmart
	Waxies
	Xpedx

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$5,720,173	\$5,983,502
County Pool	860,569	982,456
State Pool	4,472	5,189
Gross Receipts	\$6,585,213	\$6,971,147
Less Triple Flip*	\$(1,646,303)	\$(1,742,787)

*Reimbursed from county compensation fund

Statewide Sales Tax Trends

Excluding accounting aberrations, the local one cent share of statewide sales occurring April through June was 3.4% higher than the comparable quarter of 2014.

Receipts from the countywide use tax allocation pools accounted for the largest portion of the increase reflecting a continuing shift in consumer preferences from brick and mortar stores to online shopping for merchandise shipped from out of state.

Sales and leases of new cars continued to post impressive gains as did contractor supplies and restaurants. Overall gains were offset by a 17.1% decline in receipts from service stations and petroleum related industries.

The Remaining Fiscal Year

The state's unemployment rate continues to decline and real disposable income is expected to grow 2.5% to 3.0% in the second half of 2015. This improvement in incomes coupled with easy credit conditions should stimulate an increase in housing starts as well as capital investment in equipment, alternate energy and technology.

The auto industry is anticipating continuing strong sales until tapering to more sustainable levels in 2016-2017. Building and construction, the only retail segment yet to return to pre-recession levels, is gaining momentum in several regions and is expected to account for 10% of sales tax growth in the second half of the fiscal year.

Restaurant sales continue to rise although there are some concerns that the strong dollar may impact sales in areas that cater to tourists from abroad. Gains from consumer goods are expected to be modest with the strong dollar cutting prices of imported goods and an ongoing shift in consumer spending from tangible goods to services, entertainment and other non-taxable purchases.

Gasoline prices remain well below the previous year due to a worldwide glut

of oil. Barring unexpected supply or refinery disruptions, prices are expected to trend lower through the first half of 2015-16 but begin rebounding in the second half.

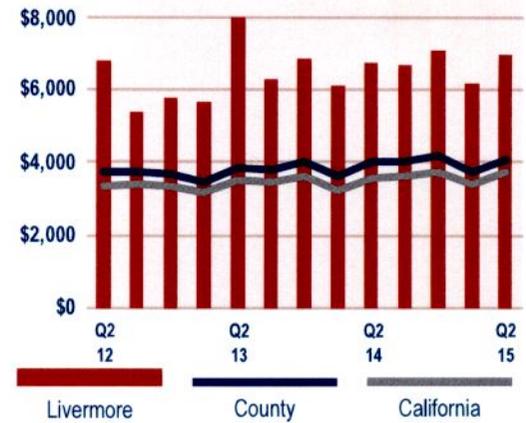
Internet Sales Tax Proposal

HR 2775 (The Remote Transaction Parity Act) is a new proposal by Representative Jason Chaffetz (R-Utah) authorizing states to require remote sellers without physical presence in their state to collect state and local sales tax from in-state buyers.

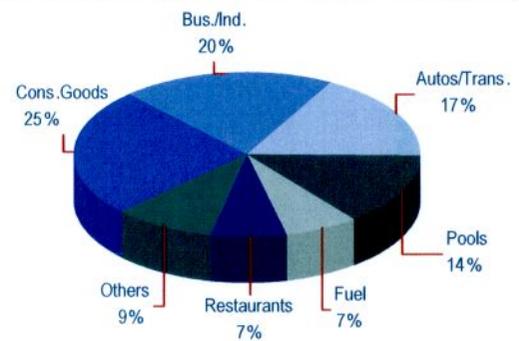
The bill currently has 52 sponsors and attempts to address objections to elements of the Marketplace Fairness Act that preceded it. The proposal provides for a three year phase in for small businesses, prohibits auditing remote sellers with annual sales under \$5 million, and requires states to provide software to enable remote sellers to collect and remit their tax.

The Board of Equalization estimates that local governments in California currently lose approximately \$44 per capita in uncollected sales and use tax on e-commerce purchases.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Livermore This Quarter



LIVERMORE TOP 15 BUSINESS TYPES

Business Type	Livermore		County	HdL State
	Q2 '15*	Change	Change	Change
Casual Dining	271.7	7.1%	6.4%	6.2%
Discount Dept Stores	— CONFIDENTIAL —	—	-1.1%	0.0%
Drugs/Chemicals	125.1	8.2%	4.2%	10.8%
Electrical Equipment	123.7	-1.4%	0.9%	-8.6%
Family Apparel	511.6	5.6%	1.0%	2.8%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	-1.9%	-6.3%
Heavy Industrial	293.9	26.7%	11.0%	10.7%
Light Industrial/Printers	265.0	7.4%	3.5%	0.4%
Lumber/Building Materials	212.9	5.0%	10.4%	4.5%
New Motor Vehicle Dealers	866.2	17.7%	10.1%	9.2%
Quick-Service Restaurants	163.8	-5.5%	10.9%	9.2%
Service Stations	474.1	-11.1%	-6.7%	-11.7%
Shoe Stores	114.7	15.0%	15.5%	4.4%
Specialty Stores	122.0	-5.0%	1.6%	5.6%
Women's Apparel	179.4	74.9%	-2.8%	-3.7%
Total All Accounts	5,983.5	4.6%	2.7%	2.8%
County & State Pool Allocation	987.6	14.2%	12.1%	11.8%
Gross Receipts	6,971.1	5.9%	3.9%	3.8%