

# Q1 2010

LIVERMORE

# City of Livermore Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (Jan-Mar 2010)

## Livermore In Brief

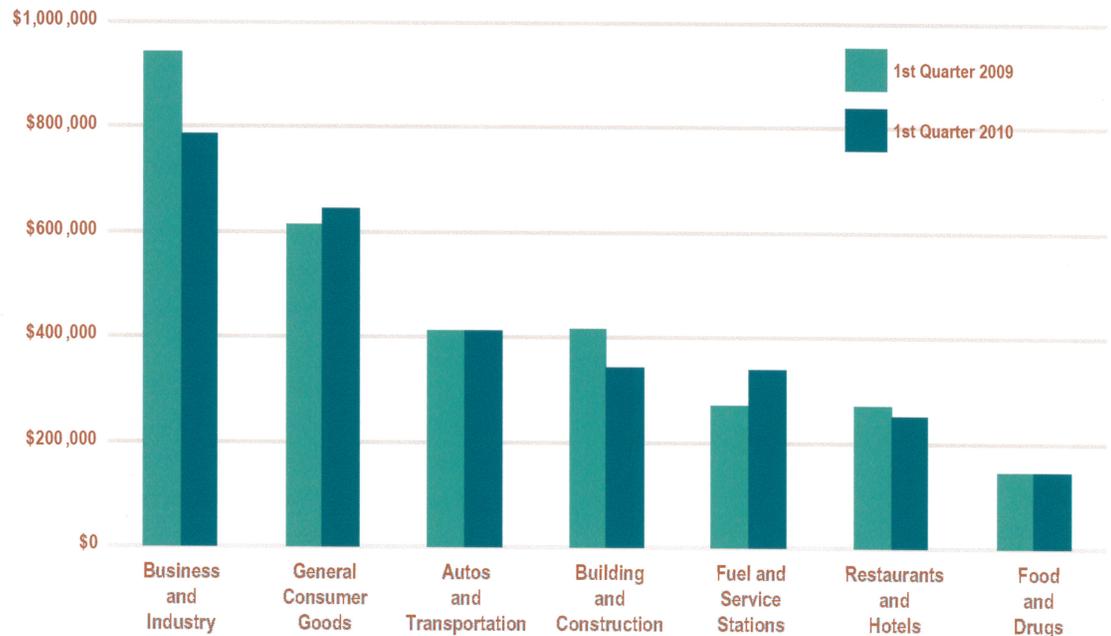
Receipts for Livermore's January through March sales were 3.3% lower than the same quarter one year ago. Actual sales were down 4.5% after accounting aberrations were factored out.

Lower sales activity and business closeouts cut returns from several categories of the business/industry group, but accounting adjustments that negatively impacted the heavy industrial and health/medical sectors were also factors. Payment anomalies understated declines from contractor supplies and lumber/building materials, but exaggerated losses from some restaurant classifications.

Losses were partially offset by gains from industrial drugs/ chemicals, repair shop/hand tool rentals and several categories of general consumer goods. The impact of higher fuel prices on service station postings was over-stated by receipt of a double-up payment of taxes due in another period. A larger allocation from the countywide use tax pool was also helpful. Accounting adjustments cut the size of the pool in last year's comparison period.

Adjusted for reporting anomalies, sales and use tax receipts for all of Alameda County increased 3.1% over the same time period; the Bay Area as a whole was up 2.7%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Livermore Ford
All West Equipment	Lincoln Mercury
AMS Net	Lowes
Arco AM PM	Macpherson
Costco	Western Tool Supply
Harris Rebar	Mobile Modular Management
HD Supply Construction Supply	Quik Stop Markets
Home Depot	Safeway
Homesite Services	Safeway Gas Sales
JA Momaney Services	Save Mart Supermarkets
Jifco	Target
Kohls	US Foodservice
Livermore Audi/Subaru/Honda	Walmart
	Waxies

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$14,932,098	\$13,210,075
County Pool	1,842,589	1,713,856
State Pool	7,562	11,870
<b>Gross Receipts</b>	<b>\$16,782,249</b>	<b>\$14,935,801</b>
<b>Less Triple Flip*</b>	<b>\$(4,195,562)</b>	<b>\$(3,733,950)</b>

\*Reimbursed from county compensation fund

**Statewide Results**

Adjusted for accounting aberrations, California's local sales and use tax revenues from the first quarter of 2010 were 1% higher than the same quarter one year ago. This marks the first year-over-year gain in statewide sales in two and one-half years.

For most agencies, the increase came almost exclusively from the 33% recovery in fuel prices since first quarter 2009. An early Easter also helped boost receipts from discount department stores and value priced apparel while year-end bonuses, the prior stock market rally and manufacturer incentives produced auto sales gains in some high income communities.

Geographically, the central and northern coastal areas of California did better than the rest of the state. However, the only solid across-the-board increases occurred in a few areas surrounding the technology centers of Silicon Valley.

**Projections for a Tepid Recovery Continue**

Statewide, declines in local sales and use tax revenues are generally thought to have "bottomed out" and expectations are for moderate gains in local allocations over the next two quarters. Rising fuel prices, stimulus rebates for energy-related purchases, inventory rebuilding by retailers and manufacturers and a temporary slump in consumer savings to satisfy pent up demand are all expected to have a positive impact on revenues.

Aggressive manufacturer incentives are also projected to improve new car sales over the next few quarters although the taxable values of the units sold will be far less than at the peak of the credit bubble when 40% of all California new car sales were financed from home equity loans which had encouraged more expensive purchases.

However the increases are anticipated to taper off in the last half of the fis-

cal year as inventory rebuilding winds down and various federal stimulus and tax incentive programs are phased out. Overall year-end gains are expected to be modest except in jurisdictions benefiting from new development or specific business/retail segments.

The current consensus is that California's fiscal problems, high unemployment and a continued slump in construction activity make significant recovery in tax revenues unlikely before 2012-2013.

**Local Add-On Sales Tax Measures Approved**

All six proposals for sales tax additions were approved in June as voters continued to exhibit an openness to financing services in their immediate communities where they have more input and control.

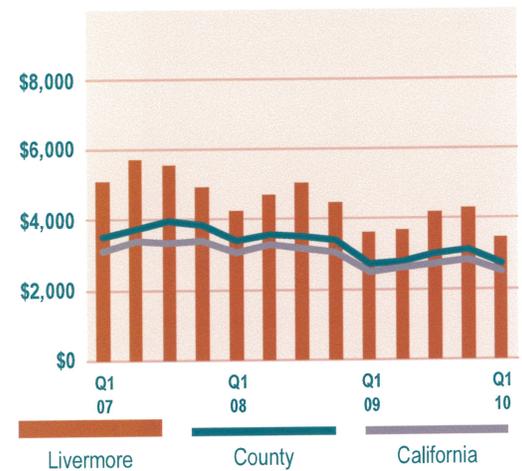
New taxes were approved in the cities of Calxico, Cathedral City, Cotati, Rohnert Park and Woodland. Davis approved continuation of an existing tax that was about to sunset.

This brings the number of agencies

with one or more "transactions tax" districts to 78 cities and 27 counties. While sales tax is collected on all purchases and allocated to where the sale is negotiated, the local "transactions tax" is collected and distributed for purchases in only the levying jurisdiction where the goods are delivered, consumed or registered.

A dozen agencies are considering similar measures for the November 2010 ballot.

**SALES PER CAPITA**



**LIVERMORE TOP 15 BUSINESS TYPES**

Business Type	Livermore		County	HdL State
	Q1 '10*	Change	Change	Change
Discount Dept Stores	\$377.2	5.4%	8.4%	4.9%
Service Stations	341.5	25.9%	29.9%	28.0%
New Motor Vehicle Dealers	194.7	-1.6%	6.8%	0.0%
Lumber/Building Materials	168.7	-18.4%	-9.9%	1.6%
Heavy Industrial	121.5	-19.4%	-11.0%	-14.2%
Restaurants No Alcohol	108.3	-12.3%	-1.8%	-3.3%
Light Industrial/Printers	102.2	-43.5%	-19.5%	-10.3%
Repair Shop/Hand Tool Rentals	99.2	36.4%	-4.5%	-6.7%
Electrical Equipment	96.4	-27.3%	-5.1%	1.3%
Contractors	93.3	-23.5%	-6.3%	-15.1%
Farm Products/Equipment	91.6	5.7%	7.9%	-12.3%
Grocery Stores Liquor	88.0	1.3%	0.4%	-3.5%
Restaurants Liquor	83.4	3.1%	3.2%	5.1%
Drugs/Chemicals	82.7	13.4%	-11.8%	-2.2%
Specialty Stores	64.7	3.9%	-1.3%	-3.7%
<b>Total All Accounts</b>	<b>\$2,934.4</b>	<b>-4.7%</b>	<b>1.0%</b>	<b>0.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>425.2</b>	<b>8.2%</b>		
<b>Gross Receipts</b>	<b>\$3,359.6</b>	<b>-3.3%</b>		

\*In thousands