

# Q4 2007



# City of Livermore Sales Tax *Update*

*First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2007)*

## Livermore In Brief

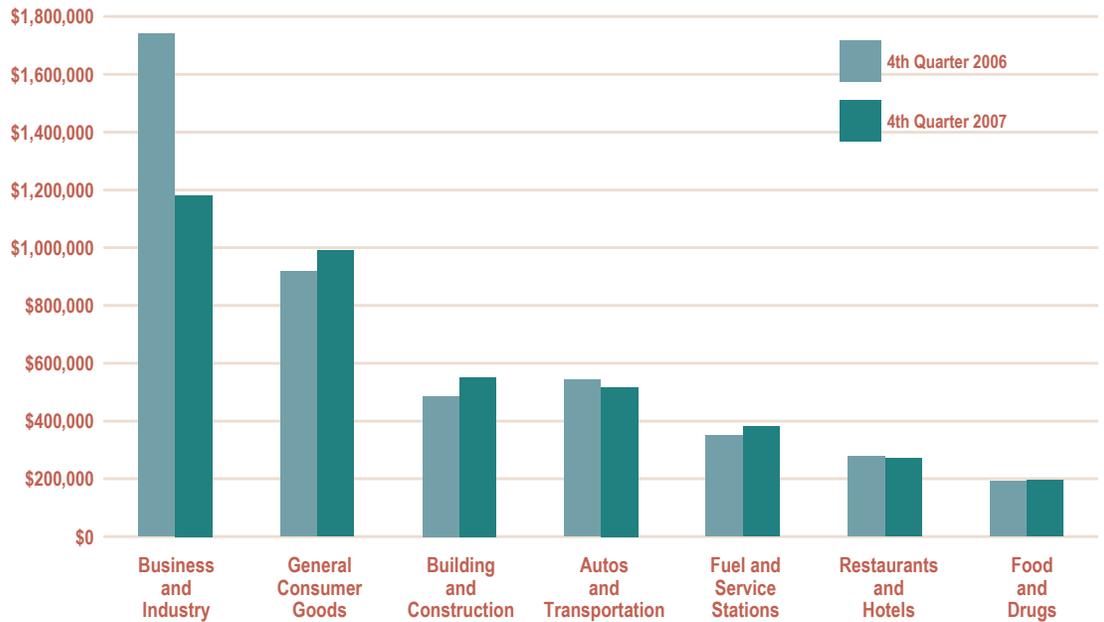
The allocation from Livermore's October through December sales tax was 9.2% less than the same quarter one year ago.

Decreased sales from new auto dealerships and farm products/equipment were partially responsible for the decrease. Recent close-outs reduced revenues from contractors, restaurants with no alcohol and repair shop/hand tool rentals. Delayed allocations temporarily decreased receipts from light industrial/printers.

The losses were offset by higher fuel prices plus increased sales from discount department stores, electrical equipment, specialty stores and trailers/RVs. Recent additions helped boost revenues from grocery stores with liquor and restaurants with liquor. Comparisons of lumber/building materials and heavy industrial were temporarily inflated by onetime accounting adjustments.

Adjusted for reporting aberrations, taxable sales for all of Alameda County decreased 1.8% over the comparable time period while the Bay Area as a whole was down 1.1%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS In Alphabetical Order

7 Eleven	Lowe's
Amerimade	Macpherson
Technology	Western Tool
California Nail & Supply	Supply
Costco	Medallion Industries
Harris Rebar	Mervyn's
Home Depot	Mobile Modular Management
Hoover Universal	Quik Stop Markets
JA Momaney Services	Safeway
Jifco	Safeway Gas Sales
Kaiser Pharmacy	Target
Kohls	US Foodservice
Livermore Ford	Wal Mart
Lincoln Mercury	Waxies
Livermore Honda	

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2006-07	2007-08
<b>Point-of-Sale</b>	\$13,865,420	\$13,457,229
<b>County Pool</b>	1,822,909	1,796,181
<b>State Pool</b>	20,938	5,871
<b>Gross Receipts</b>	<b>\$15,709,267</b>	<b>\$15,259,281</b>
<b>Less Triple Flip*</b>	<b>\$(3,927,317)</b>	<b>\$(3,814,820)</b>

\*Reimbursed from county compensation fund

NOTES

**DECLINES IN SALES TAX REVENUES CONTINUE**

Statewide tax receipts suggest lumps of coal were found in some Christmas stockings during 2007's fourth quarter. The 2.6% decline from the same period last year was the third straight quarter that receipts were either flat or down from prior year sales activity.

The 11.2% drop in auto sales and 14.5% decline in building/construction materials were somewhat more severe than anticipated. The surprise was a 3% drop in holiday spending on general consumer goods with traditional department stores, furniture and specialty stores exhibiting the greatest decreases.

The losses were partially offset by gains from rising prices of food, drugs and fuel. Restaurants managed to eek out a 1.1% increase over the previous holiday quarter although that gain may have also been price related.

Only Imperial, San Luis Obispo and Ventura Counties showed significant fourth quarter increases. But all benefited from onetime payments related to various energy projects or other anomalies, not gains in on-going sales activities.

Initial reports indicate that June receipts for sales occurring January through March of 2008 will be equally dismal. Auto dealers are expected to report another quarter of double digit declines and revenues from apparel, general consumer goods and restaurants are projected to be flat or down. The recent spike in fuel prices should produce another positive quarter for fuel and service stations and partially offset losses in other categories.

**WILL 2008-2009 BE BETTER?**

Economists expect sales declines to bottom out during the next fiscal year but are uncertain on when in that year the bottom will hit.

Auto manufacturers are hoping for a slight rebound in sales in the second

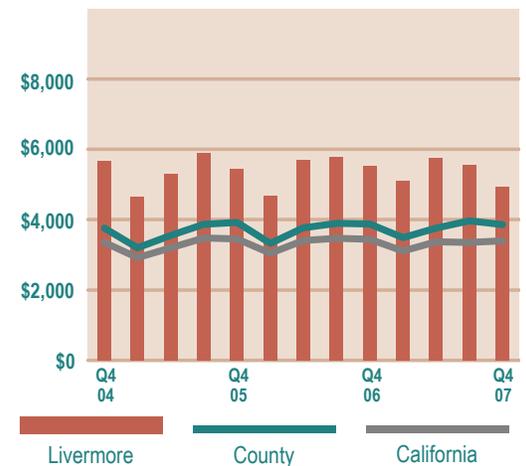
half of 2008 and into 2009. A recovery in public, commercial and industrial construction could stabilize tax receipts from building supplies although a rebound from housing related goods and materials is not expected until 2010 or 2011.

The instability of world crude oil prices, reduced refinery production and the coming seasonal driving peak are expected to maintain high fuel prices through late summer and compete with other consumer spending.

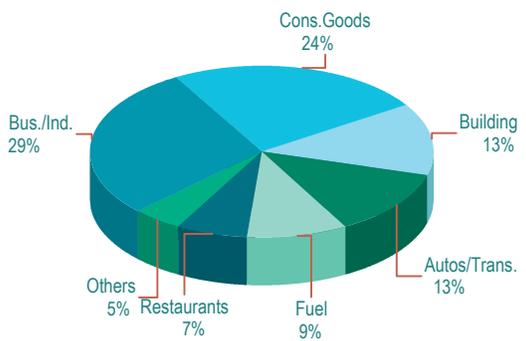
The weak dollar should continue to lure international consumers to key tourist destinations. However, capital investment by U.S. exporters is beginning to show signs of leveling off.

In late May, taxpayers will begin receiving payments of \$300 to \$1200 plus \$300 for each qualifying child through the Economic Stimulus Act of 2008. \$12.4 billion is expected to flow to California though various surveys indicate that much of the rebates will go to pay off debt or increase savings. Most analysts see the package as inducing a minor but only temporary spike in third quarter sales tax receipts.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Livermore This Quarter



**LIVERMORE TOP 15 BUSINESS TYPES**

Business Type	Livermore		County	HdL State
	Q4 '07*	Change	Change	Change
Discount Dept Stores	\$565.9	1.5%	0.9%	0.9%
Service Stations	382.4	8.9%	30.0%	25.5%
Lumber/Building Materials	330.9	40.4%	21.8%	14.6%
Heavy Industrial	239.6	233.9%	20.3%	6.3%
New Motor Vehicle Dealers	218.2	-16.3%	-11.5%	-9.9%
Light Industrial/Printers	201.2	-16.0%	-13.0%	-2.2%
Electrical Equipment	128.5	9.6%	45.2%	-1.2%
Contractors	122.3	-14.5%	-23.9%	-14.8%
Restaurants No Alcohol	120.4	-7.6%	1.9%	2.2%
Grocery Stores Liquor	115.9	6.3%	5.5%	6.7%
Specialty Stores	107.2	25.0%	1.0%	-1.9%
Trailers/RVs	99.8	1.0%	-15.4%	-28.7%
Farm Products/Equipment	88.2	-16.0%	12.6%	3.0%
Repair Shop/Hand Tool Rentals	85.9	-22.1%	-2.1%	-5.5%
Restaurants Liquor	80.0	4.3%	12.4%	8.6%
<b>Total All Accounts</b>	<b>\$4,089.4</b>	<b>-9.4%</b>	<b>0.5%</b>	<b>0.2%</b>
<b>County &amp; State Pool Allocation</b>	<b>543.9</b>	<b>-8.2%</b>		
<b>Gross Receipts</b>	<b>\$4,633.3</b>	<b>-9.2%</b>		<i>*In thousands</i>