

# Q4 2006

LIVERMORE

# City of Livermore Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2006)

## Livermore In Brief

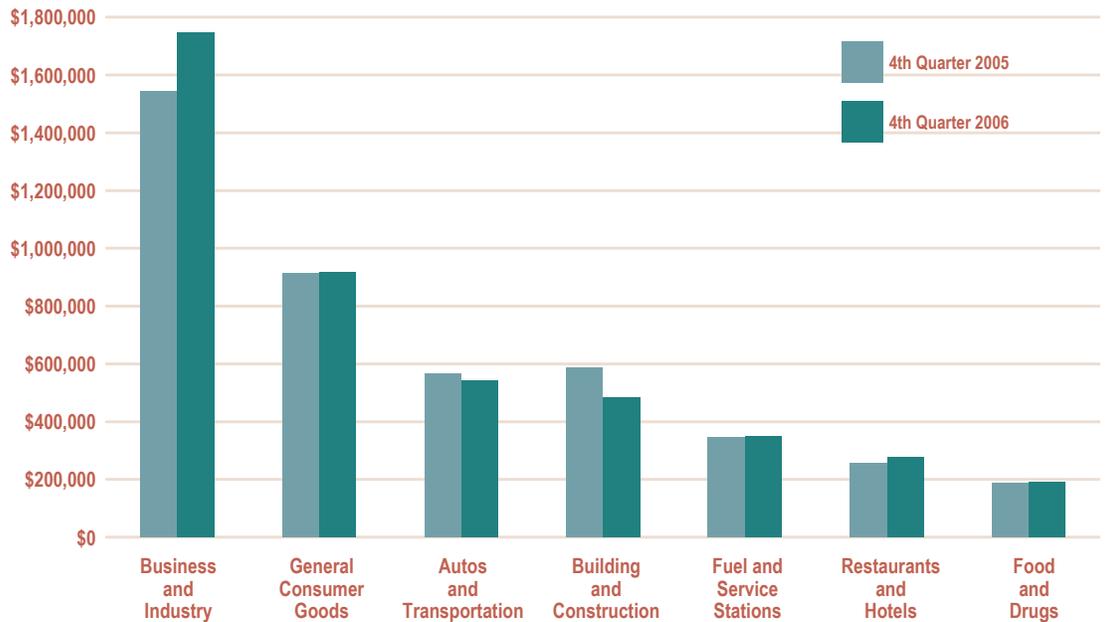
The allocation from Livermore's October through December sales was 3.5% higher than the same quarter one year ago.

Higher fuel prices plus increased sales from health /medical, discount department stores, farm/construction equipment, restaurants with no alcohol, electrical equipment, contractors, grocery stores with liquor and farm products/ equipment were partially responsible for the increase. Recent additions helped boost revenues from office equipment.

The gains were offset by decreased sales from repair shop/hand tool rentals, and delayed allocations temporarily reduced receipts from new auto dealers and heavy industrial. Onetime accounting adjustments temporarily decreased receipts from light industrial/printers and lumber/building materials.

Gross receipts for all of Alameda County decreased .1% over the comparable time period while the Bay Area as a whole was up 1.8%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Cal Line Equipment	Mervyns
Costco	Microgear
Flow Solutions	Mobile Modular Management
Form Factor	Orco Construction Supply
Herning Underground Supplies	Owens & Minor
Home Depot	Quik Stop Markets
JA Momaney Services	Safeway
JCs RVs	Safeway Gas Sales
Kaiser Pharmacy	Target
Livermore Audi/Subaru/Honda	US Foodservice
Livermore Ford Lincoln Mercury	Wal Mart
Lowe's	Waxies
	White Cap Industries

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2005-06	2006-07
<b>Point-of-Sale</b>	\$13,429,954	\$13,865,420
<b>County Pool</b>	1,772,985	1,822,909
<b>State Pool</b>	20,079	20,938
<b>Gross Receipts</b>	<b>\$15,223,018</b>	<b>\$15,709,267</b>
<b>Less Triple Flip*</b>	\$(3,805,755)	\$(3,927,317)

\*Reimbursed from county compensation fund

**Statewide Sales Flatten**

Fourth quarter sales were unchanged from the same period in 2005 with payment aberrations excluded. This represented the weakest holiday performance since 2001.

As indicated below, the slump impacted all business groups with growth weaker in 2006 than in 2005 in all but Autos & Transportation.

**Fourth Quarter Sales Tax Comparison**

Business Group	Q4 '06	Q4 '05
	v. Q4 '05	v. Q4 '04
Autos & Transportation	0.1%	-3.5%
Building & Construction	-5.7%	15.5%
Business & Industry	-0.5%	4.5%
Food & Drugs	2.9%	5.4%
Fuel & Service Stations	-1.6%	14.1%
General Consumer Goods	1.2%	5.0%
Restaurants & Hotels	4.1%	6.8%
HdL State	0.0%	5.3%

All figures adjusted for economic data.

The lackluster quarter was largely due to a 5.7% drop in Building & Construction receipts. The shift was a reflection of the slowdown in residential construction with the previously highest growth areas (Riverside/San Bernardino, San Joaquin Valley and the Sacramento region) experiencing the severest declines.

The dip in Business & Industry receipts was exaggerated by a \$ 1.9 M refund for taxes paid on financed purchases that later became uncollectible. Over 200 local jurisdictions in California had related negative adjustments to their fourth quarter allocations. Another factor in the decrease was a \$1M delayed return for a large business services outlet.

A temporary drop in the average price of gasoline and diesel fuel led to a 1.6% decline in receipts from Fuel & Service Stations. Pump prices have since rebounded significantly.

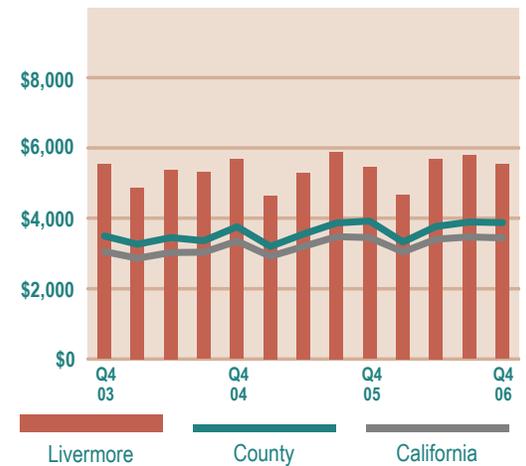
Revenues from restaurants & hotels, the quarter's bright spot, were up in nearly all areas of the state with the Bay Area and the Central Coast regions feasting best.

General Consumer Goods sales exceeded last year's by just 1.2% after a 5% gain the year before. One likely factor: an upsurge in gift card use. Since gift card sales are not taxed until the card is redeemed, more holiday related receipts are being delayed to the following quarter. Reports are that the dollar value of gift cards was up 35% compared to 2005 resulting in a surge in January 2007 sales that was 10.5% above the prior year.

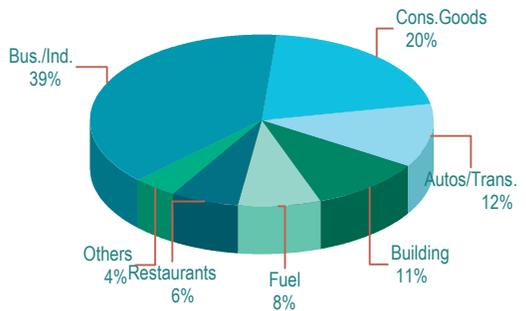
Fourth quarter Autos & Transportation results were virtually unchanged, an improvement from last year's 3.5% decline. Foreign brands continued to outperform domestics.

Economists are expressing concern about the impact of volatile energy prices, cutbacks in capital investment, and sub-prime lending on sales revenues through the remainder of calendar year 2007. However, the current consensus overall, is that statewide growth will be weaker than recent years but actual declines are not expected.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Livermore This Quarter



**LIVERMORE TOP 15 BUSINESS TYPES**

Business Type	Livermore		County	HdL State
	Q4 '06*	Change	Change	Change
Health/Medical	\$598.6	7.3%	6.6%	-6.5%
Discount Dept Stores	557.5	3.2%	7.2%	4.9%
Service Stations	351.3	1.7%	-1.1%	3.0%
New Motor Vehicle Dealers	260.6	-7.6%	2.2%	0.9%
Light Industrial/Printers	240.9	-11.1%	21.2%	4.7%
Lumber/Building Materials	235.6	-36.3%	-29.2%	-31.8%
Farm/Construction Equip.	165.5	72.0%	59.5%	1.5%
Restaurants No Alcohol	130.3	3.4%	3.1%	3.9%
Electrical Equipment	117.2	31.7%	-23.3%	-1.0%
Contractors	110.2	11.1%	4.9%	4.9%
Repair Shop/Hand Tool Rentals	110.2	-1.8%	9.6%	7.6%
Grocery Stores Liquor	109.1	4.8%	1.8%	2.7%
Office Equipment	106.6	71.3%	32.1%	10.3%
Farm Products/Equipment	105.0	23.6%	6.0%	11.6%
Heavy Industrial	102.3	-49.8%	6.1%	4.1%
<b>Total All Accounts</b>	<b>\$4,511.2</b>	<b>2.5%</b>	<b>-1.0%</b>	<b>0.5%</b>
<b>County &amp; State Pool Allocation</b>	<b>592.4</b>	<b>11.2%</b>		
<b>Gross Receipts</b>	<b>\$5,103.6</b>	<b>3.5%</b>		<i>*In thousands</i>