



LIVERMORE SALES TAX

Second Quarter Receipts for First Quarter Sales (Jan. - Mar. 2000)

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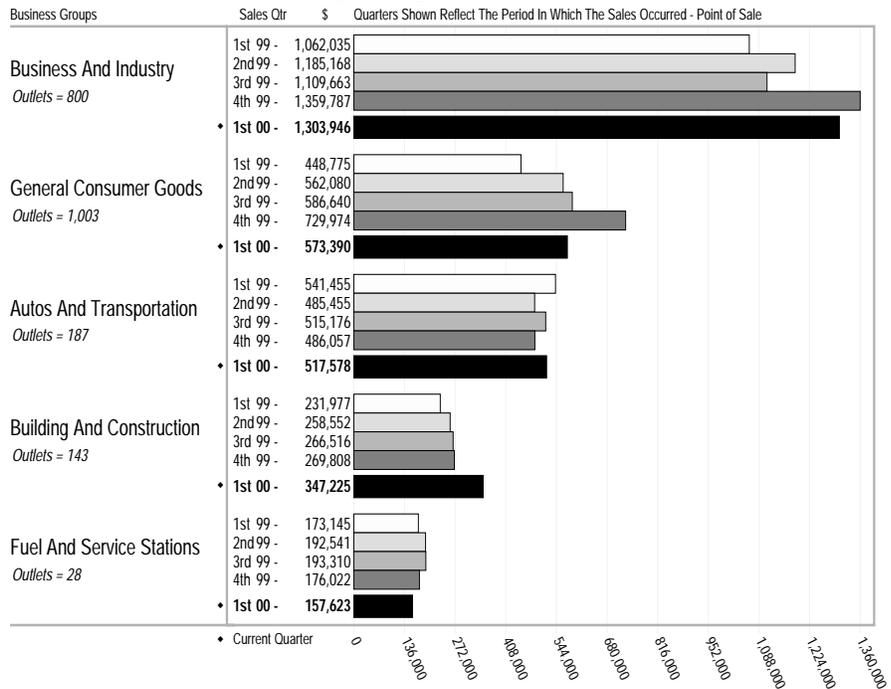
In Brief

The city's June receipts for sales occurring January through March were 20.3% higher than the same quarter one year ago.

Livermore generally experienced a strong quarter for most categories of general consumer goods and business to business sales. Recent additions also helped to boost receipts from lumber/building materials, contractor supplies and farm products. A jump in the countywide "use tax" allocation pool expanded the city's share of those revenues. The gains were partially offset by a series of accounting aberrations that had temporarily inflated last year's receipts from new cars and construction/farm equipment.

Receipts for all of Alameda County increased 14.2% over the comparable time period while the nine county Bay region overall, was up 14.9%.

Sales Tax By Major Business Group



Top 25 Producers Listed Alphabetically

Alliant
 Amer Commctns Supply
 Codioli Motor
 Costco
 Discovery Toys
 G A East Bay
 Groth Brothers Oldsmobile
 Herning Underground Supplies
 Home Depot
 JA Momaney Services
 KGP Telecommunication
 Kaiser Pharmacy
 Livermore Honda
 Mensco
 Mervyns
 Mobile Modular Management
 Orchard Supply Hardware
 Orco Construction Supply
 Owens & Minor West
 Safeway
 TCI Materials Management
 Target
 Trinet Communications
 Wal Mart
 Went Bros.

SALES TAX NOTES

More Exemptions Proposed

Since 1970 the state legislature has incrementally adopted new sales and use tax exemptions that have reduced annual collections by \$1.2 billion. This year, the legislature introduced 20 new proposals that would further reduce city and county receipts by \$329 million per year and state revenues by over \$950 million.

One of the larger cuts would occur from the passage of AB1320 (Ashburn) which would declare a one week sales tax holiday for items under \$500. Joint bills AB2188 (Baldwin) and SB1377 (Hayes) would exempt all Internet purchases from sales and use tax. AB2602 would exempt school and community college purchases over \$1,000 while SB1556 (Brulte) would exempt equipment used to provide and upgrade telecommunications and

Internet services. AB 2713 (Olberg) would exempt non-herbal, over the counter medicines purchased by people over 65.

For a complete listing go to www.hdlcompanies.com/html/salestax/htm.

Internet Railroad Slows in Senate

H. R. 3709 (Cox.R-CA) which flew through the House of Representatives on February 3 by a vote of 352-75, has been held up in the Senate Commerce Committee due to fierce opposition from state governors, real estate executives, teachers, public safety unions and merchants. Pushed by a coalition of telecommunications lobbies, the bill would continue the current moratorium on Internet taxation until 2006, grant additional tax breaks and continue to excuse catalog and Internet retailers from col-

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Top 20 Business Categories

Business Type	1st Qtr '00		1st Qtr '99		Percent Change	City	% Of Total	
	Outlets	\$	Outlets	\$			County	State
Light Industrial/Printers	167	351,894	155	223,672	57.3%	11.1%	8.6%	5.0%
Drugs/Chemicals	10	328,956	10	295,603	11.3%	10.4%	1.6%	1.0%
Discount Dept Stores	20	300,882	22	250,431	20.1%	9.5%	3.2%	4.7%
New Motor Vehicle Dealers	7	280,989	7	349,499	-19.6%	8.9%	12.8%	12.2%
Service Stations	27	157,623	29	173,145	-9.0%	5.0%	4.8%	6.0%
Lumber/Building Materials	12	146,397	12	48,693	200.7%	4.6%	3.1%	3.6%
Contractors	106	139,551	105	119,486	16.8%	4.4%	3.1%	2.9%
Electrical Equipment	90	113,222	91	104,661	8.2%	3.6%	4.8%	3.0%
Trailers And Supplies	5	97,955	4	92,746	5.6%	3.1%	0.4%	0.4%
Farm Products/Equipment	20	91,700	19	57,553	59.3%	2.9%	1.2%	0.7%
Specialty Stores	370	90,359	377	58,311	55.0%	2.9%	3.1%	3.5%
Heavy Industrial	88	83,451	92	61,521	35.6%	2.6%	2.7%	1.8%
Grocery Stores Liquor	15	81,925	15	71,665	14.3%	2.6%	2.4%	3.2%
Farm/Construction Equip.	7	77,673	7	105,955	-26.7%	2.5%	1.0%	0.6%
Health Services	24	71,362	22	91,662	-22.1%	2.3%	0.6%	0.3%
Fast Food	69	62,342	67	48,076	29.7%	2.0%	2.7%	3.9%
Office Supplies/Furniture	57	59,631	59	46,984	26.9%	1.9%	6.0%	3.5%
Repair Shops	103	56,333	95	30,747	83.2%	1.8%	2.5%	1.4%
Restaurants Beer And Wine	46	43,098	46	46,414	-7.1%	1.4%	2.2%	2.3%
Department Stores	4	34,239	5	33,370	2.6%	1.1%	3.0%	3.8%
Retail Stores	1,032	1,795,531	1,027	1,641,264	9.4%	56.7%	64.6%	71.7%
Non-Store/Part Time Retailers	310	3,079	328	4,723	-34.8%	0.1%	0.5%	0.8%
Business, Service & Repairs	443	224,204	429	177,037	26.6%	7.1%	9.0%	8.7%
All Other Outlets (Industrial)	611	1,143,701	583	881,379	29.8%	36.1%	25.9%	18.7%
Total All Accounts	2,396	3,166,514	2,367	2,704,403	17.1%			
County & State Pool Allocation		427,888		284,504	50.4%			
Gross Receipts		3,594,402		2,988,907	20.3%			

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lecting sales tax from customers in states where the retailer has no physical presence or "nexus."

Merchants are beginning to make their voices heard with a poll showing that 65% of Americans agree that Internet retailers should not receive special tax advantages over store owners. Shopping center owners fear that reduced sales tax collections will translate into higher property taxes while their tenants' sales decline due to the tax free competition. Local governments are concerned about the ultimate impact on services.

As a result, some Senators are considering alternative bills such as S2775 (Dorgan.D-ND). The bill would extend the moratorium by four years but require Internet retailers to collect and remit the taxes if or when, at least 20 states adopt a one rate use tax with a uniform definition of what is taxable. Thirty two states are already

involved in a project to achieve that goal. SB 1949 (Costa/Chesbro) would require California to participate. For current participants and status: www.streamlinedsalestax.org.

Because of the complexity and pressure from both sides, it is believed that the Senate will hold further consideration until after November.

Fiscal Year To Date Revenue Comparison

	1998-99	1999-00
Point-of-Sale	10,154,061	12,414,666
County Pool	1,401,211	1,652,953
State Pool	24,935	63,492
Gross Receipts	11,580,207	14,131,110

