

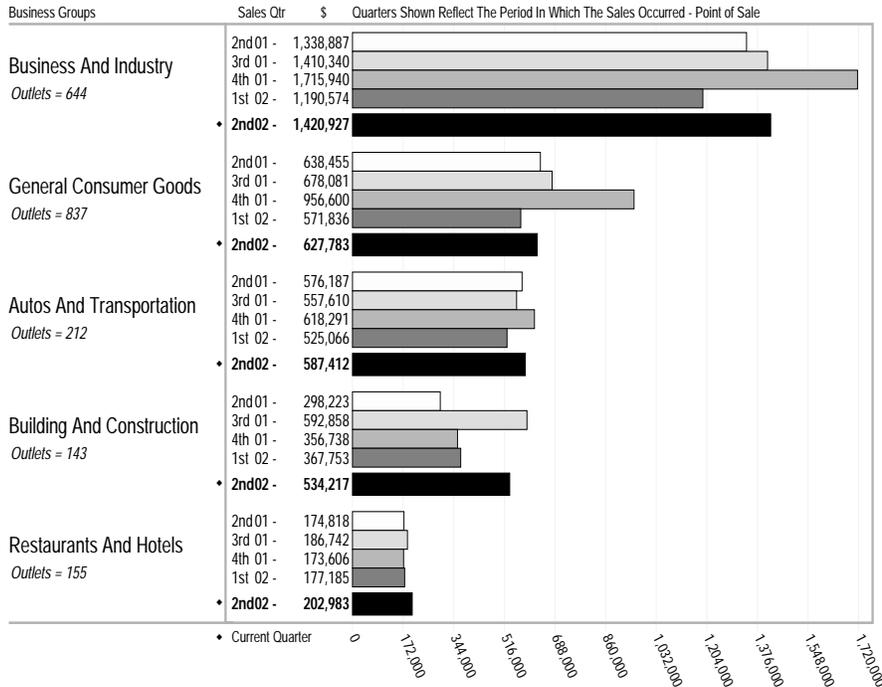


LIVERMORE SALES TAX

Third Quarter Receipts for Second Quarter Sales (Apr. - June 2002)

Publication Date: October 2002 The HdL Companies (www.hdlcompanies.com)

Sales Tax By Major Business Group



Top 25 Producers Listed Alphabetically

Albertsons
Alliant
Codioli Motor
Costco
Groth Brothers Chevrolet
Harris Rebar
Herning Underground Supplies
Home Depot
JA Momaney Services
Jifco
Kaiser Pharmacy
Livermore Harley Davidson
Livermore Honda
Lowe's
Mensco
Mervyns
Mobile Modular Management
Nec Business Network Solutions
Orchard Supply Hardware
Orco Construction Supply
Owens & Minor Medical Suppliers
Pella Window & Door
Safeway
Target
Wal Mart

Sales Tax Notes

Statewide Sales Decline

Allocations from second quarter sales were 1.34% lower than the same quarter one year ago. This was the fourth consecutive quarter that overall sales and use tax receipts dropped.

The declines continued to be regionally specific with the nine-county Bay Area receiving 8.4% less revenue than last year and the Central Coast, 4.6% less. Southern California's Inland Empire and the Sacramento region exhibited gains of 4% or more.

Reduced business purchases were again the main drag on sales and use tax revenues with a statewide reduction of 10.5%. Revenues from bulk fuel and service stations decreased approximately 15%. Auto sales, general consumer goods, restaurants, and building materials all exhibited modest to strong gains except in the North Bay/Silicon Valley region.

No More Until 2004?

Projections for a quick and generous recovery from the post-bubble economy have evolved into forecasts of anemic gains in 2003 with more vigorous performance not anticipated until later in the year or early 2004.

Recent declines in several leading economic indicators, wavering consumer, business and investor confidence, and concerns about war with Iraq have all contributed to a more conservative outlook on the rate of economic recovery. The National Retail Federation now predicts that the fourth quarter will post the smallest increase in Christmas spending since 1997.

The slower recovery is expected to be led by growth in housing, construction and foreign trade. Southern California is predicted to recover first with new defense contracts in Los Angeles County and increased manufac-

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Top 20 Business Categories

Business Type	Outlets	2nd Qtr '02	2nd Qtr '01	Percent Change	Percent of Total		
					City	County	State
Light Industrial/Printers	142	570,293	614,595	-7.2%	15.6%	7.8%	4.2%
Discount Dept Stores	25	350,134	355,632	-1.5%	9.6%	3.8%	5.5%
Lumber/Building Materials	16	297,378	62,655	374.6%	8.1%	5.0%	4.8%
New Motor Vehicle Dealers	5	252,176	273,646	-7.8%	6.9%	13.3%	13.5%
Office Supplies/Furniture	55	192,698	74,091	160.1%	5.3%	4.0%	2.5%
Heavy Industrial	65	153,482	127,788	20.1%	4.2%	2.6%	1.5%
Contractors	100	128,710	119,582	7.6%	3.5%	3.5%	3.2%
Service Stations	25	118,085	199,289	-40.7%	3.2%	4.5%	5.2%
Farm/Construction Equip.	9	107,408	114,826	-6.5%	2.9%	1.0%	0.6%
Trailers And Supplies	Confidential Information					0.4%	0.5%
Farm Products/Equipment	21	103,998	95,853	8.5%	2.8%	1.0%	0.6%
Grocery Stores Liquor	18	95,190	87,784	8.4%	2.6%	2.6%	3.1%
Fast Food	80	88,412	82,898	6.7%	2.4%	3.4%	4.5%
Repair Shops	93	78,857	70,715	11.5%	2.2%	1.5%	1.3%
Specialty Stores	339	70,844	80,022	-11.5%	1.9%	3.1%	3.1%
Boats/Motorcycles	10	66,638	37,491	77.7%	1.8%	0.8%	0.7%
Restaurants Liquor	22	57,278	36,001	59.1%	1.6%	2.4%	3.0%
Electrical Equipment	38	56,431	65,383	-13.7%	1.5%	2.3%	1.8%
Health Services	22	56,032	68,862	-18.6%	1.5%	0.6%	0.5%
Plumbing/Electrical Supplies	13	54,405	59,933	-9.2%	1.5%	0.9%	0.8%
Retail Stores	1,062	2,352,642	2,068,594	13.7%	64.3%	70.1%	75.4%
Non-Store/Part Time Retailers	160	4,649	6,970	-33.3%	0.1%	0.4%	0.8%
Business, Service & Repairs	411	239,393	239,557	-0.1%	6.5%	8.2%	8.2%
All Other Outlets (Industrial)	448	1,060,676	1,060,470	0.0%	29.0%	21.3%	15.6%
Total All Accounts	2,081	3,657,361	3,375,591	8.3%			
County & State Pool Allocation		470,731	528,551	-10.9%			
Gross Receipts		4,128,092	3,904,142	5.7%			

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turing and service operations in the Inland Empire. Weak sales in the information/technology sectors may make the Silicon Valley the last to recover. With only a partial restoration of highly paid technology jobs and continued sluggish international travel, the Bay area's gains in consumer sales will also be modest.

There is also increased speculation on how much longer consumers will prop up the economy. While businesses cut back on capital investment and spending, homeowners have been cashing out their liquidity from appreciating property values and lower mortgage rates to finance new cars and other purchases. Some economists fret about the end of a "mortgage bubble" where easy credit spending only stole from future sales. Others argue that rising population, baby boomers entering their peak spending years, and twenty-somethings now entering the market make this fear unwarranted.

Regardless of statewide trends, sales and use tax revenues will continue to vary widely with local conditions. Jurisdictions with favorable economic niches, population growth, or new retail/business development will have gains. Other jurisdictions will see only modest growth or declines. Close local monitoring will be critical.

Fiscal Year To Date Revenue Comparison

	2001-02	2002-03
Point-of-Sale	3,375,591	3,657,361
County Pool	523,367	457,302
State Pool	5,184	13,429
Gross Receipts	3,904,142	4,128,092

