



# LIVERMORE SALES TAX

Second Quarter Receipts for First Quarter Sales (Jan. - Mar. 2005)

Publication Date: July 2005 The HdL Companies (www.hdlcompanies.com)

## In Brief

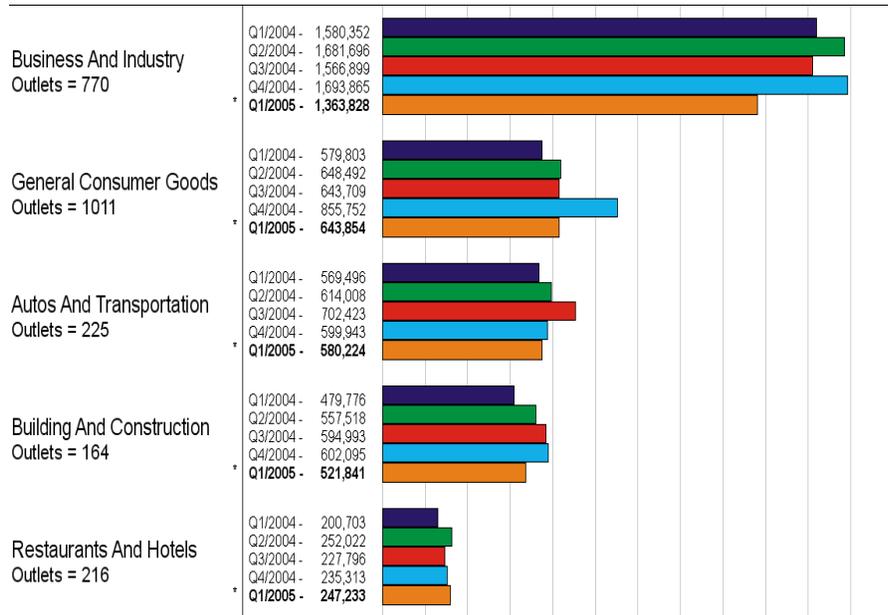
Receipts from January - March sales increased 0.3% compared to the same period a year ago but aberrations skewed results. With anomalies removed actual sales dipped 7.8%.

Sales activity grew in the discount department store, lumber/building materials, new auto, farm products/equipment and contractor groups. Gains in electrical equipment, heavy industrial and restaurants with beer/wine were overstated by retroactive adjustments. A rise in the city's share of the countywide use tax allocation pool added to overall revenues.

Corrections for reporting errors exaggerated losses in light industrial/printers and office supplies accounts while payment deviations and delays caused the decline in service stations.

Gross receipts for all of Alameda County rose 1.0% over last year.

## Sales Tax By Major Business Group



\* Current Quarter

## SALES TAX NOTES

### Intermingling of Stores and Web = Nexus

Borders Online must pay California sales tax according to a ruling by the 1<sup>st</sup> Circuit Court of Appeals.

Borders Online, which is a separate entity from Borders Inc., had argued that because it has no physical presence in California, it is exempt from sales tax per a 1992 Federal Supreme Court decision (Quill v. North Dakota) that said only retailers with an in-state nexus are required to collect that state's taxes.

However, the California court ruled that the operations of the two corporations are too interlinked for the web store to be considered as a separate, out-of-state retailer and that the California stores actually serve as an agent for Borders Online. They cited in-store advertising for the web site, receipts that said "visit us online at

www.borders.com" and the ability of web customers to return merchandise to the stores. They further noted that the companies have common officers and directors, share marketing and financial data and maintain a similar logo.

Amazon Inc., which contractually manages the web site for Borders, argues that its own operation is not impacted by the decision because they have no ownership interest in any of Border's entities and are not ultimately responsible for the tax. (Borders Online LLC vs. State Board of Equalization, Case No. A105486 (Cal. Crt. App. May 31, 2005).)

### Statewide Growth Trends

Cities and counties in California generated \$1,225,545,549 in local sales and use tax in the first quarter of 2005, exhibiting a state wide gain of 4.9% over the same quarter one year-ago.

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## Top 25 Producers Listed Alphabetically

- Albertsons
- Alliant Food Service
- Codioli Motor
- Costco
- Flow Solutions
- Groth Brothers Chevrolet
- Harris Rebar
- Herning Underground Supplies
- Home Depot
- J A Momaney Services
- Jifco
- Kaiser Pharmacy
- Livermore Harley Davidson
- Livermore Honda
- Lowes
- Mervyns
- Mobile Modular Management Corp
- Orchard Supply Hardware
- Orco Construction Supply
- Owens & Minor
- Safeway
- Safeway Gas Sales
- Target
- Wal Mart
- Waxies

# Top 20 Business Categories

Code	Business Type Description (Count)	AGENCY			COUNTY		HdL STATE	
		1st Qtr '05	1st Qtr '04	Change	1st Qtr '05	Change	1st Qtr '05	Change
99	Light Industrial/Printers (176)	585,574	736,939	-20.5%	3,142,518	-5.3%	40,986,984	8.1%
09	Discount Dept Stores (41)	372,345	353,722	5.3%	2,073,186	9.6%	63,585,726	8.2%
50	Lumber/Building Materials (28)	297,718	267,512	11.3%	2,246,920	6.7%	55,275,839	7.3%
60	New Motor Vehicle Dealers (5)	283,596	269,449	5.3%	5,771,933	-1.8%	138,165,584	0.9%
62	Service Stations (31)	208,947	239,572	-12.8%	2,787,320	-17.0%	76,883,070	-9.1%
98	Heavy Industrial (69)	181,542	163,186	11.2%	1,130,428	-26.5%	15,223,616	7.7%
40	Farm/Construction Equip. (9)	135,146	141,846	-4.7%	576,424	32.9%	6,917,356	16.8%
82	Contractors (110)	115,259	100,899	14.2%	1,811,058	9.7%	35,393,955	10.4%
34	Grocery Stores Liquor (14)	111,282	102,061	9.0%	1,162,608	-2.8%	29,834,711	12.7%
24	Fast Food (122)	111,116	102,209	8.7%	1,800,629	4.5%	51,415,721	7.4%
90	Farm Products/Equipment (32)	105,162	96,992	8.4%	369,672	-1.5%	5,775,443	-2.4%
86	Electrical Equipment (43)	86,021	63,969	34.5%	1,323,439	-16.1%	16,084,906	-17.7%
19	Specialty Stores (450)	84,031	89,994	-6.6%	1,614,215	3.3%	35,943,138	6.3%
35	Restaurants Beer And Wine (58)	76,210	51,864	46.9%	1,252,705	5.6%	28,118,439	8.3%
72	Repair Shops (101)	75,148	85,822	-12.4%	661,850	-1.6%	11,830,574	11.9%
63	Trailers And Supplies (3)	--CONFIDENTIAL--			153,161	-21.0%	6,211,710	29.9%
52	Plumbing/Electrical Supplies (12)	68,528	69,004	-0.7%	494,664	13.0%	9,787,404	4.7%
84	Health Services (32)	63,153	58,218	8.5%	308,496	19.8%	7,217,915	12.4%
36	Restaurants Liquor (29)	54,887	43,124	27.3%	1,048,862	-0.4%	31,728,230	8.7%
61	Automotive Supply Stores (38)	52,014	37,876	37.3%	600,668	25.9%	15,403,304	22.8%
	Retail Stores (1328)	2,351,755	2,338,944	0.5%	33,720,015	0.4%	828,250,919	4.2%
	Non-Store/Part Time Retailers (132)	3,892	4,078	-4.6%	114,526	-5.6%	5,603,158	3.4%
	Business, Service & Repairs (497)	251,206	250,659	0.2%	3,704,028	3.4%	81,699,387	3.8%
	All Other Outlets-Industrial (527)	1,134,745	1,227,579	-7.6%	10,631,615	-7.9%	157,307,951	1.6%
<b>TOTAL ALL ACCOUNTS (2485)</b>		3,741,616	3,820,884	-2.1%	48,170,506	-1.4%	1,072,997,617	3.7%
<b>COUNTY &amp; STATE POOL ALLOCATION</b>		513,452	422,288	21.6%				
<b>GROSS RECEIPTS</b>		4,255,068	4,243,172	0.3%				

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Southern California's Inland Empire, the San Joaquin Valley and the suburban communities surrounding Sacramento continued to lead the state in sales tax growth.

Despite record rainfall, most regions benefitted from increased spending on general consumer goods and restaurants. Receipts from fuel and service stations increased 6.5% when adjusted for aberrations.

There was little growth in car sales except in the Sacramento and San Joaquin Valley regions while Building and Construction materials continued to reflect strong demand and prices.

Gains in business transactions were primarily limited to the Sacramento region, Southern California and the San Joaquin Valley, where sales of agricultural related goods and equipment were exceptionally strong. Although there were some bright spots in the high tech sector, overall receipts from business sales in the nine-county Bay area continued to lag.

Regional gains over last year's comparable quarter:

Bay Area	2.4%
Central Coast	2.2%
Far Northern Counties	6.5%
Sacramento Region	4.8%
San Joaquin Valley	9.1%
Sierra Foothills	5.2%
Southern California	5.4%

### Fiscal Year To Date Revenue Comparison

	2003-04	2004-05
Point-of-Sale	15,987,870	16,600,347
County Pool	1,753,269	2,165,277
State Pool	31,621	21,348
Gross Receipts	17,772,759	18,786,972
Less Triple Flip*	0	(3,505,755)

\*Reimbursed from county compensation fund

