



LIVERMORE SALES TAX

Fourth Quarter Receipts for Third Quarter Sales (July - Sept. 2002)

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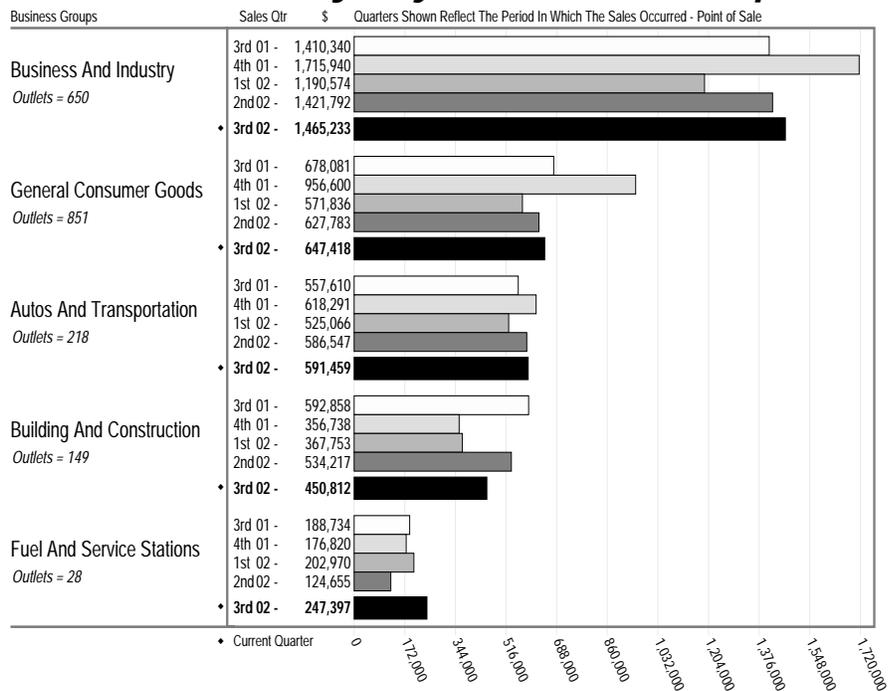
In Brief

Receipts from the city's July through September sales were 2.4% higher than the same quarter of the prior year.

Strong sales and/or recent additions helped boost revenues from heavy industrial equipment, supermarkets, boats/motorcycles and office equipment. A jump in the county wide use tax allocation pool further contributed to the increase. The gains were offset by closeouts in the contractor supply and electric equipment categories. Comparisons of lumber/building materials, service stations and light industry were skewed by one-time reporting aberrations.

Gross receipts for all of Alameda County declined 3.2% over the comparable time period while the nine county Bay region as a whole, was down 3.1%.

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
Hoover Universal
JA Momany Services
Kaiser Pharmacy
Livermore Honda
Lowe's
Mensco
Mervyns
Mobile Modular Management
Orchard Supply Hardware
Orco Construction Supply
Owens & Minor Medical Suppliers
Pella Window & Door
Safeway
San Diego Janitor Supply
Target
Wal Mart
Wente Bros.

SALES TAX NOTES

Statewide Sales Up

Fourth quarter receipts for statewide sales occurring July through September increased 3.1% over last year's comparable quarter. Revenue changes continued to be regional in character with growing population areas in the Inland Empire, San Joaquin Valley and Sacramento Foothills exhibiting significant gains while the Silicon Valley declined.

Californians' passion for new cars again accounted for the bulk of statewide sales tax growth. "Business-to-business" receipts were down in all areas except those related to agriculture. Lower fuel prices produced a slight drop in petroleum related receipts after adjusting for a statewide allocation error. Allocations from other retail groups varied by region.

Anecdotal data from various tracking services suggests that statewide

receipts from the all important Christmas quarter will reflect similarly modest growth patterns. Auto sales are expected to remain relatively strong while general consumer sales will show only incremental gains. "Business-to-business" sales are expected to be flat or exhibit further but more moderate declines.

Tax Simplification Progresses

In November, delegates from 31 states approved a model interstate agreement to create greater uniformity in imposing sales tax. The four year project involved 39 states as well as national chain stores and retail associations from across the country. It establishes uniform definitions for various categories of taxable goods, provides for centralized registration and procedures, and simplifies taxpayer reporting.

con't on back page

Top 20 Business Categories

Business Type	Outlets	3rd Qtr '02	3rd Qtr '01	Percent Change	Percent of Total		
					City	County	State
Light Industrial/Printers	141	586,776	635,750	-7.7%	15.4%	6.1%	4.1%
Discount Dept Stores	25	373,527	364,899	2.4%	9.8%	3.9%	5.5%
New Motor Vehicle Dealers	5	277,927	257,350	8.0%	7.3%	13.7%	14.0%
Lumber/Building Materials	17	246,638	364,711	-32.4%	6.5%	4.9%	4.6%
Service Stations	26	235,605	188,734	24.8%	6.2%	6.3%	7.6%
Heavy Industrial	69	220,009	99,097	122.0%	5.8%	2.7%	1.4%
Grocery Stores Liquor	19	135,419	98,776	37.1%	3.6%	2.7%	2.9%
Farm Products/Equipment	20	118,233	103,572	14.2%	3.1%	1.0%	0.7%
Farm/Construction Equip.	9	107,267	121,316	-11.6%	2.8%	0.8%	0.6%
Specialty Stores	350	106,597	90,169	18.2%	2.8%	3.1%	3.0%
Contractors	105	104,769	124,506	-15.9%	2.8%	4.2%	3.3%
Trailers And Supplies	Confidential Information					0.4%	0.4%
Fast Food	85	98,892	83,302	18.7%	2.6%	3.3%	4.4%
Repair Shops	91	83,955	102,074	-17.8%	2.2%	1.4%	1.1%
Electrical Equipment	41	79,972	119,565	-33.1%	2.1%	2.5%	1.6%
Office Supplies/Furniture	52	73,317	63,245	15.9%	1.9%	4.6%	2.5%
Boats/Motorcycles	10	56,624	24,676	129.5%	1.5%	0.7%	0.6%
Health Services	22	55,809	64,404	-13.3%	1.5%	0.5%	0.4%
Plumbing/Electrical Supplies	13	54,135	54,049	0.2%	1.4%	0.9%	0.8%
Public Utilities/Trans.	29	48,735	37,757	29.1%	1.3%	2.0%	1.5%
Retail Stores	1,088	2,328,955	2,368,812	-1.7%	61.2%	70.7%	75.9%
Non-Store/Part Time Retailers	156	3,789	4,176	-9.3%	0.1%	0.2%	0.6%
Business, Service & Repairs	418	257,048	278,142	-7.6%	6.8%	7.9%	7.7%
All Other Outlets (Industrial)	460	1,213,385	1,124,311	7.9%	31.9%	21.2%	15.8%
Total All Accounts	2,122	3,803,175	3,775,441	0.7%			
County & State Pool Allocation		520,909	446,280	16.7%			
Gross Receipts		4,324,084	4,221,721	2.4%			

con't from front page

The agreement now goes to each state for integration of the model into local legislation. It will begin operation when ten or more states representing at least 20% of the population of the 45 states that levy sales tax complete their legislative approvals. Once operational, proponents will ask Congress for legislation that would allow participating states to tax remote internet and catalog sales.

Federal case law currently allows such taxation only if the business has a physical presence in the state where the merchandise is shipped. In 2001, California lost \$1.7 billion in state and local sales tax revenues to out-of-state purchases according to an analysis funded by the Institute for State Studies. That study does not factor in state recovery of the "use tax" that consumers are technically expected to self-report for such purchases. Even so, the net loss is thought to be substantial. Current internet tracking surveys indicate that internet sales

are up even more in 2002, with gains of 23% over Christmas 2001.

To date, California has not opted to participate in the tax simplification effort and has remained philosophically opposed to taxation of internet transactions. For more information, go to www.streamlinedsalestax.org and www.statestudies.org.

Fiscal Year To Date Revenue Comparison

	2001-02	2002-03
Point-of-Sale	7,151,032	7,460,536
County Pool	967,385	973,183
State Pool	7,446	18,457
Gross Receipts	8,125,863	8,452,176

