

LIVERMORE SALES TAX

Fourth Quarter Receipts for Third Quarter Sales (July - Sept. 2003)

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In Brief

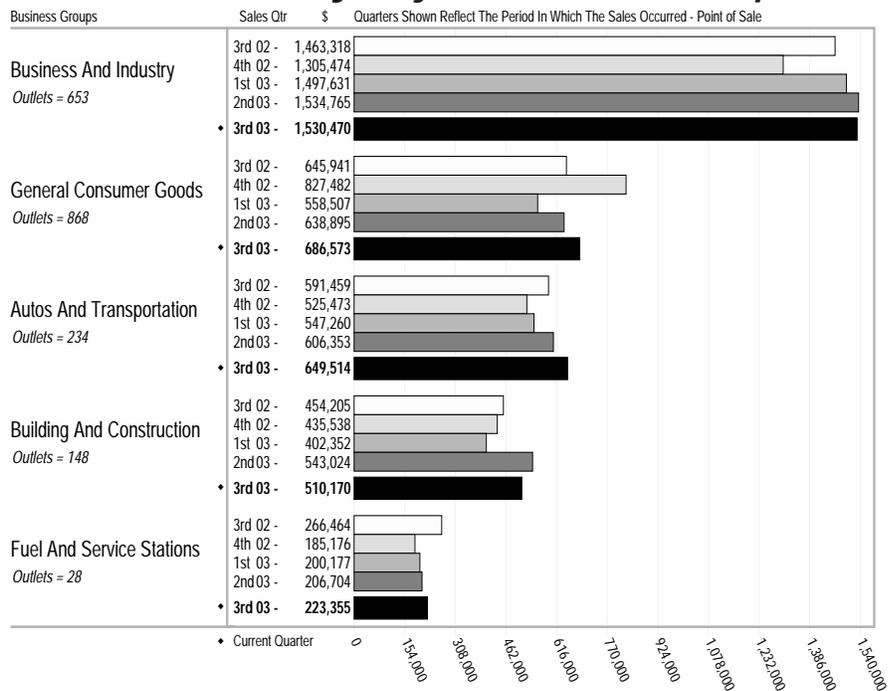
Receipts from July - September sales were 2% higher than for the year-ago period, but the gain was boosted by payment aberrations. Adjusted for anomalies, actual sales dropped 1.8%. Much of the decline was due to a large use tax reallocation that shrank the county use tax pool.

Service station results were skewed because late receipts exaggerated year-ago proceeds. Sales in that group were actually up. Heavy industrial and electrical equipment declines were partly due to unusually large payments last year.

One-time payment aberrations, not sales gains, caused increases in the farm products/equipment, contractor, office supplies/furniture, and radio/appliance store groups.

Over the same period, the nine-county Bay Area fell 1.4%; the state rose 2.5%.

Sales Tax By Major Business Group



Top 25 Producers Listed Alphabetically

- Albertsons
- Alliant
- Codioli Motor
- Costco
- Flow Solutions
- Groth Brothers Chevrolet
- Harris Rebar
- Herning Underground Supplies
- Home Depot
- JA Momaney Services
- Kaiser Pharmacy
- Livermore Harley Davidson
- Livermore Honda
- Lowe's
- Mervyn's
- Mobile Modular Management
- NEC Business Network Solutions
- Orchard Supply Hardware
- Orco Construction Supply
- Owens & Minor
- Safeway
- Safeway Gas Sales
- Target
- Wal Mart
- Wente Bros.

SALES TAX NOTES

The Foggy Crystal Ball

Current forecasts are generally optimistic that an overall economic recovery is underway. However, 2004 may be more of a transition year with sales tax growth across the state geographically uneven, business specific and uncertain. Issues to consider when projecting sales tax:

Regional Differences

The strongest sales tax gains are expected in those areas of the state where populations continue to grow and in pockets with highly diversified tax bases. With the exception of Solano County, the Bay area is expected to remain weak through 2004 although a number of factors – returning tourism, increased hiring by smaller firms, and a turn-around in

some technology segments – suggest that the long slide has bottomed out.

Uneven Consumer Patterns

Retailers finished strongly in 2003 with luxury stores, electronics, furniture/appliances, jewelry and wholesale clubs all reporting major gains. Discount department stores exhibited only moderate growth while mid-priced chain stores were flat or declined.

Tax cuts, mortgage refinancing, rebates and new tax write-offs helped maintain strong vehicle sales in 2003. But most economists believe that the “big ticket” spending will end in mid-2004 as the stimulus from tax cuts and low mortgage rates wanes. Fuel prices are also expected to drop while food/drugs and restaurants should continue to grow at about 3.5%.

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Top 20 Business Categories

Business Type	Outlets	3rd Qtr '03	3rd Qtr '02	Percent Change	Percent of Total			
					City	County	State	
Light Industrial/Printers	142	664,564	583,384	13.9%	16.8%		4.0%	
Discount Dept Stores	29	361,499	373,527	-3.2%	9.1%		5.6%	
New Motor Vehicle Dealers	5	319,920	277,927	15.1%	8.1%		15.2%	
Lumber/Building Materials	23	262,537	246,638	6.4%	6.6%		5.0%	
Service Stations	26	223,355	266,464	-16.2%	5.6%		6.9%	
Farm Products/Equipment	22	141,397	118,233	19.6%	3.6%		0.6%	
Contractors	99	139,525	108,161	29.0%	3.5%		3.2%	
Office Supplies/Furniture	57	131,094	73,317	78.8%	3.3%		2.4%	
Heavy Industrial	65	127,274	220,009	-42.2%	3.2%		1.2%	
Specialty Stores	372	125,468	105,119	19.4%	3.2%		3.1%	
Farm/Construction Equip.	9	123,757	107,267	15.4%	3.1%		0.6%	
Trailers And Supplies		Confidential Information						0.5%
Grocery Stores Liquor	13	106,914	116,352	-8.1%	2.7%		2.8%	
Fast Food	90	92,874	98,892	-6.1%	2.3%		4.5%	
Repair Shops	86	78,239	83,955	-6.8%	2.0%		1.3%	
Electrical Equipment	36	68,148	79,972	-14.8%	1.7%		1.6%	
Plumbing/Electrical Supplies	13	62,102	54,135	14.7%	1.6%		0.8%	
Boats/Motorcycles	14	55,495	56,624	-2.0%	1.4%		0.7%	
Health Services	24	51,522	55,809	-7.7%	1.3%		0.5%	
Restaurants Liquor	26	47,647	47,364	0.6%	1.2%		2.8%	
Retail Stores	1,152	2,508,139	2,339,269	7.2%	63.3%		76.7%	
Non-Store/Part Time Retailers	141	4,221	3,789	11.4%	0.1%		0.6%	
Business, Service & Repairs	421	233,050	257,048	-9.3%	5.9%		7.7%	
All Other Outlets (Industrial)	451	1,216,735	1,203,070	1.1%	30.7%		15.0%	
Total All Accounts	2,165	3,962,145	3,803,175	4.2%				
County & State Pool Allocation		449,540	520,909	-13.7%				
Gross Receipts		4,411,685	4,324,084	2.0%				

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Migrating Business Sales

Leaner operating budgets are returning many business sectors to profitability and predictions are that the mid-year leveling in consumer spending will be offset by a rebound in business expenditures. However, as more manufacturers move their operations and corresponding equipment purchases overseas, the correlation between increased capital investment and increased sales tax becomes more business specific.

Sales tax growth is expected from replacement of aging truck fleets and computer infrastructure and from sectors such as emerging and/or cost saving technologies, security devices, and silicon chip equipment.

Uncertainty

A number of factors could slow the recovery including the state budget crisis. Layoffs by government agencies, contractors and suppliers, deferral of capital projects and repeal of

tax credits could reduce spending. Stepped-up terrorist alerts could also impact revenues from international tourism. The question of whether the recovery will be "jobless" is of particular concern in California where a significant amount of spending power is from employment in business and information technology that is being outsourced elsewhere.

Fiscal Year To Date Revenue Comparison

	2002-03	2003-04
Point-of-Sale	7,460,536	7,875,661
County Pool	973,183	822,449
State Pool	18,457	13,255
Gross Receipts	8,452,176	8,711,364

