

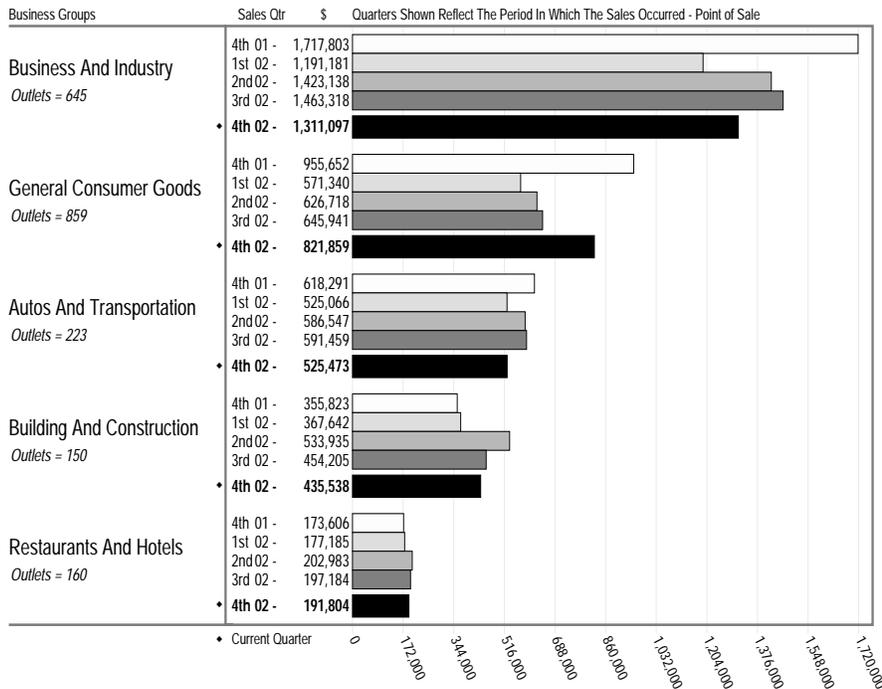


# LIVERMORE SALES TAX

First Quarter Receipts for Fourth Quarter Sales (Oct. - Dec. 2002)

Publication Date: April 2003 The HdL Companies (www.hdlcompanies.com)

## Sales Tax By Major Business Group



## Top 25 Producers Listed Alphabetically

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

## Sales Tax Notes

### Sluggish Fourth Quarter Sales

Previous predictions for a modest Christmas proved to be accurate with the local share of California's sales and use tax increasing only 0.8% over the prior year's comparable quarter.

A statewide decline of 8.8% from last year's record new auto sales and continuing declines in sales of equipment, materials and supplies to businesses were the primary reasons for the anemic gains. General consumer goods, particularly discounters, furniture, and appliances performed well in Southern California and in counties with significant population growth, but exhibited significant declines in the Northern Bay region.

"Uncertainty" has become a favorite word among economists who are generally predicting little growth for the remainder of 2003. A battered technology sector, slumping exports, weakened job market, the fallout from

## This Quarter

Christmas quarter receipts dropped 11.9% from the same quarter last year but payment aberrations exaggerated the drop. With anomalies taken out, actual sales slipped 7%.

Discount department store, new auto dealer, specialty store, office supply/furniture, farm/construction equipment, and electrical equipment categories dropped. Office supplies fell because a payment correction boosted year-ago results while a business closeout caused the electrical equipment decline. New auto sales were off from record sales last year.

Lumber/building materials, grocery stores with liquor, contractor, radio/appliance store, and boats/motorcycle groups grew. New store openings added to gains in all of these groups except radio/appliance stores.

The 9-county Bay Area fell 4.4%.

staggering government budget deficits and declines in the use of mortgage refinancing for more consumer spending are all cited as leading to only modest revenue gains for the remainder of the calendar year. The southern part of the state is expected to perform better than the northern.

Predictions are more optimistic for 2004 with increased defense spending and a rebound in the technology sector anticipated to produce a strong recovery by mid-year.

### Sales Tax Changes Proposed

The state legislature is currently reviewing a number of proposals to alter sales tax revenues.

AB 1221 (Steinberg) would reduce the local share of sales tax by half and back-fill the difference with property tax revenues. In future years, local agencies would receive the growth from the reduced sales tax rate plus a prorata share of the

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## Top 20 Business Categories

Business Type	Outlets	4th Qtr '02	4th Qtr '01	Percent Change	Percent of Total		
					City	County	State
Light Industrial/Printers	141	589,110	604,697	-2.6%	16.1%		3.9%
Discount Dept Stores	26	480,374	541,212	-11.2%	13.1%		7.1%
New Motor Vehicle Dealers	5	242,687	283,373	-14.4%	6.6%		12.4%
Lumber/Building Materials	19	226,142	171,718	31.7%	6.2%		4.1%
Service Stations	26	171,362	176,820	-3.1%	4.7%		5.5%
Grocery Stores Liquor	18	123,854	98,207	26.1%	3.4%		3.1%
Heavy Industrial	68	120,316	117,232	2.6%	3.3%		1.3%
Contractors	104	112,337	91,922	22.2%	3.1%		2.9%
Specialty Stores	362	107,942	126,004	-14.3%	3.0%		3.6%
Fast Food	84	97,542	83,156	17.3%	2.7%		4.2%
Farm/Construction Equip.	9	96,892	126,974	-23.7%	2.6%		0.5%
Farm Products/Equipment	20	94,294	91,224	3.4%	2.6%		0.7%
Trailers And Supplies		Confidential Information					0.4%
Office Supplies/Furniture	55	77,434	365,129	-78.8%	2.1%		2.6%
Repair Shops	86	74,075	74,682	-0.8%	2.0%		1.0%
Electrical Equipment	42	67,018	161,533	-58.5%	1.8%		1.4%
Department Stores	6	56,753	60,633	-6.4%	1.6%		5.1%
Radio/Appliance Stores	8	54,646	29,985	82.2%	1.5%		1.8%
Health Services	22	54,435	56,505	-3.7%	1.5%		0.4%
Plumbing/Electrical Supplies	13	51,573	46,474	11.0%	1.4%		0.7%
Retail Stores	1,108	2,354,163	2,781,684	-15.4%	64.4%		76.9%
Non-Store/Part Time Retailers	153	-1,137	7,372	-115.4%	0.0%		0.8%
Business, Service & Repairs	411	231,165	234,874	-1.6%	6.3%		7.6%
All Other Outlets (Industrial)	459	1,073,830	1,136,561	-5.5%	29.4%		14.7%
Total All Accounts	2,131	3,658,022	4,160,491	-12.1%			
County & State Pool Allocation		515,515	575,133	-10.4%			
Gross Receipts		4,173,536	4,735,623	-11.9%			

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countywide growth in property tax. The bill's author believes that this would reduce local competition for sales tax and lead to more balanced development.

SB 157 (Bowen/Alpert) would require California to participate with 39 other states and several major retail chains that have created a model interstate agreement for greater conformity in imposing sales tax. Once operational, the agreement is expected to allow participants to tax remote internet and catalog retailers that are currently exempt under federal case law if they have no in-state physical presence. To date, California has been opposed to taxation of internet sales.

### SBOE Broadens Point of Sale for Warehousing

Effective January 1, the Board of Equalization has clarified that the place of sale for orders placed to out-of-state order desks, sales offices and

800 numbers will be the "in-state" warehouse from where the merchandise is shipped. Prior to this change, warehouses could be considered as point of sale only if the retailer had no other place of business in California.

More detail on proposed legislation and regulation changes can be seen at [www.hdlcompanies.com](http://www.hdlcompanies.com).

### Fiscal Year To Date Revenue Comparison

	2001-02	2002-03
Point-of-Sale	11,311,522	11,118,558
County Pool	1,526,336	1,482,212
State Pool	23,628	24,943
Gross Receipts	12,861,486	12,625,713

