

# Q2 2010

LIVERMORE

# City of Livermore Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2010)

## Livermore In Brief

Revenue from sales occurring in the April to June quarter were 13.3% higher than the same period last year but aberrations skewed results. With anomalies removed, actual sales increased 5.7%.

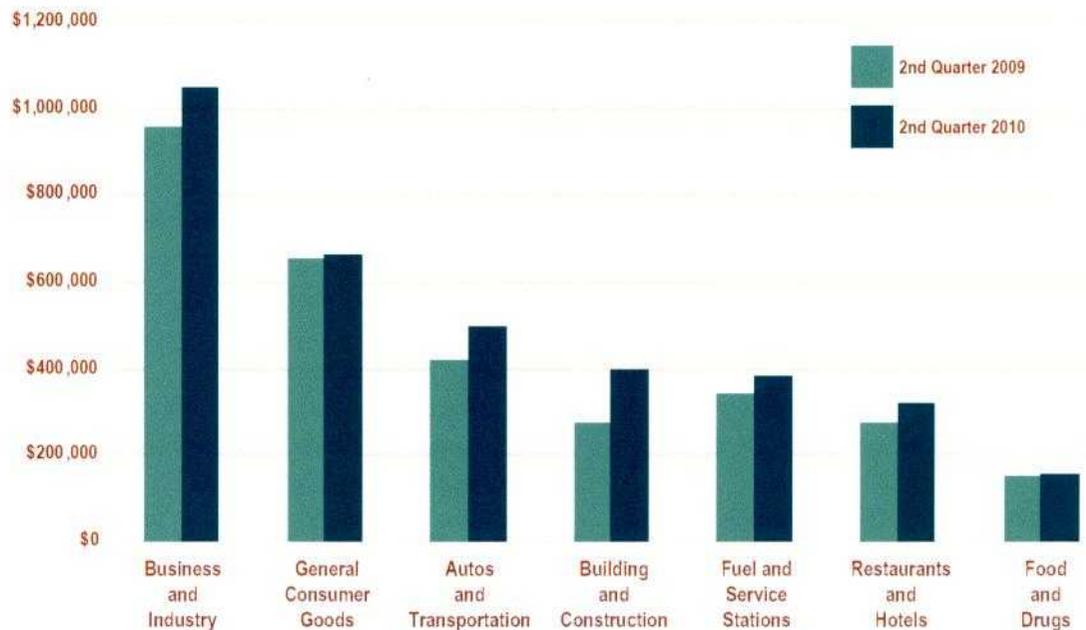
Retroactive adjustments overstated the gain in the Business & Industry group. There were increases in office supplies/technology, business services, food services/supplies and industrial materials. Large expenditures for infrastructure projects that inflated year ago receipts accounted for the loss in the light industrial/printer category.

Positive results in Building & Construction were due to a temporary deduction in the comparison quarter. Once adjusted for this and other onetime events, this sector dipped 10.5%.

New auto sales perked up accompanied by new RV dealerships. Higher prices boosted returns in service stations while a business expansion added to restaurant revenues. General retail sales were close to even.

Adjusted for reporting aberrations, taxable sales for all of Alameda County including its cities gained 7.0% over the comparable time period while the nine county Bay Area as a whole was up 6.6%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Livermore RV Center
AMS Net	Lowes
Costco	Macpherson
F Rodgers	Western Tool Supply
Fishnet Security	Mobile Modular Management
Harris Rebar	Orchard Supply Hardware
Home Depot	Quik Stop Markets
JA Momaney Services	Safeway
Jifco	Safeway Gas Sales
Kaiser Pharmacy	Target
Kohls	US Foodservice
Livermore Audi/Subaru/Honda	Walmart
Livermore Ford Lincoln Mercury	Waxies

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$3,088,463	\$3,472,409
County Pool	380,747	461,390
State Pool	3,134	1,897
<b>Gross Receipts</b>	<b>\$3,472,344</b>	<b>\$3,935,696</b>
Less Triple Flip*	\$(868,086)	\$(983,924)

\*Reimbursed from county compensation fund

**California Overall**

Local sales and use tax revenues for sales occurring April through June 2010 were 4.7% higher than the same quarter of 2009 after accounting aberrations were factored out. However, the comparison is against a quarter that was 18.4% below the same quarter of 2008 which in turn, was 4.0% lower than the same period of 2007. Rising fuel prices were again a major part of the quarterly increase. Pent-up demand and manufacturer incentives produced impressive gains in auto and RV sales. Capital investment in technology, equipment and supplies to reduce labor and energy costs drove expanded receipts from business and industrial purchases.

Areas surrounding the Silicon Valley continue to be the center of greatest recovery though a recent up-tick in travel helped produce gains in some vacation/resort communities. The inland parts of California still lag the coastal regions.

**It's Official! The Recession is Over!**

The National Bureau of Economic Research (NBER) has announced that the recession ended in June of 2009. Technically, this means that economic indicators show that the economy has finally bottomed out. It does not mean that a recovery has occurred.

This year's earlier exuberance has given way to near consensus among economists that the state's recovery will be slow with less than average growth over the next two years.

The argument is that further deleveraging from years of over-spending, over-borrowing, hyper-speculative investment and unsustainable real estate prices must occur before we reach the base on which normal growth restarts. With the focus on productivity innovations rather than jobs, unemployment is expected to stay in double digits at least until the end of 2012. Sales tax revenues are expected to continue to recover but at slightly lower rates than

experienced earlier in the year from various tax credit, stimulus rebate and manufacturer incentive programs.

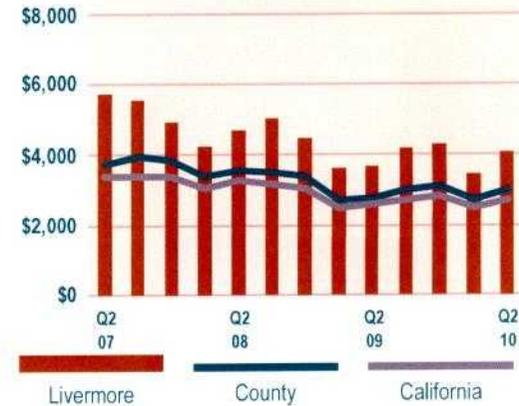
**Green Energy Exemptions**

The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) has fast-tracked adoption of their emergency regulations for implementing new sales and use tax exemptions for "Green Manufacturing" authorized by SB 71, the only significant new sales tax related bill adopted in 2010 to date. The first approvals are planned for their November 17 meeting.

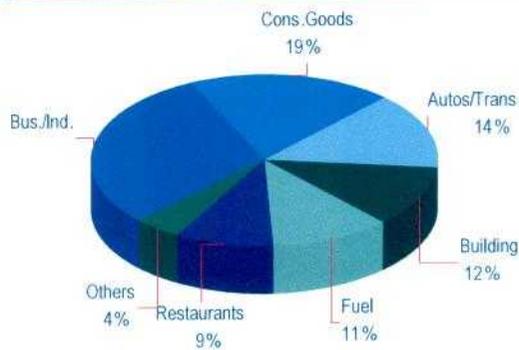
Industry lobbyists have shut local governments out of the process and additional regulations are now being developed for exempting major alternative energy projects such as solar, geothermal and wind. There is no cap on the value of state and local sales tax losses that CAEATFA may approve.

Local governments will not be notified of applications potentially impacting their revenues. However, agenda notices can be obtained by signing up at <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Livermore This Quarter



**LIVERMORE TOP 15 BUSINESS TYPES**

Business Type	Livermore		County	HdL State
	Q2 '10*	Change	Change	Change
Service Stations	\$382.4	11.0%	13.9%	18.2%
Discount Dept Stores	382.2	-1.0%	3.0%	0.1%
New Motor Vehicle Dealers	253.9	27.1%	34.3%	16.4%
Heavy Industrial	203.2	25.1%	-5.1%	10.8%
Lumber/Building Materials	188.6	-10.3%	-1.8%	2.9%
Restaurants No Alcohol	155.8	30.8%	8.0%	4.6%
Light Industrial/Printers	128.6	-22.5%	-12.6%	14.8%
Contractors	127.7	21.8%	2.2%	-6.2%
Food Mfg.	108.7	15.1%	26.1%	-0.3%
Business Services	108.5	15.3%	2.6%	10.6%
Restaurants Liquor	93.2	5.6%	7.5%	6.9%
Grocery Stores Liquor	90.4	-3.8%	-1.9%	1.0%
Drugs/Chemicals	88.5	4.5%	19.4%	-0.5%
Electrical Equipment	86.0	-7.9%	32.0%	25.0%
Trailers/RVs	78.9	54.4%	76.6%	17.1%
<b>Total All Accounts</b>	<b>\$3,472.4</b>	<b>12.4%</b>	<b>9.2%</b>	<b>7.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>463.3</b>	<b>20.7%</b>		
<b>Gross Receipts</b>	<b>\$3,935.7</b>	<b>13.3%</b>		

\*In thousands