Q3
2012

LIVERMORE

City of Livermore Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2012)

Livermore In Brief

Receipts for Livermore's July through September sales were 26.7% lower than the same quarter one year ago. Gross receipts were flat when reporting aberrations were factored out. Point of sale returns were up 4.9% on an adjusted basis while the city's share of the county-wide use tax allocation pool dropped 23.1%.

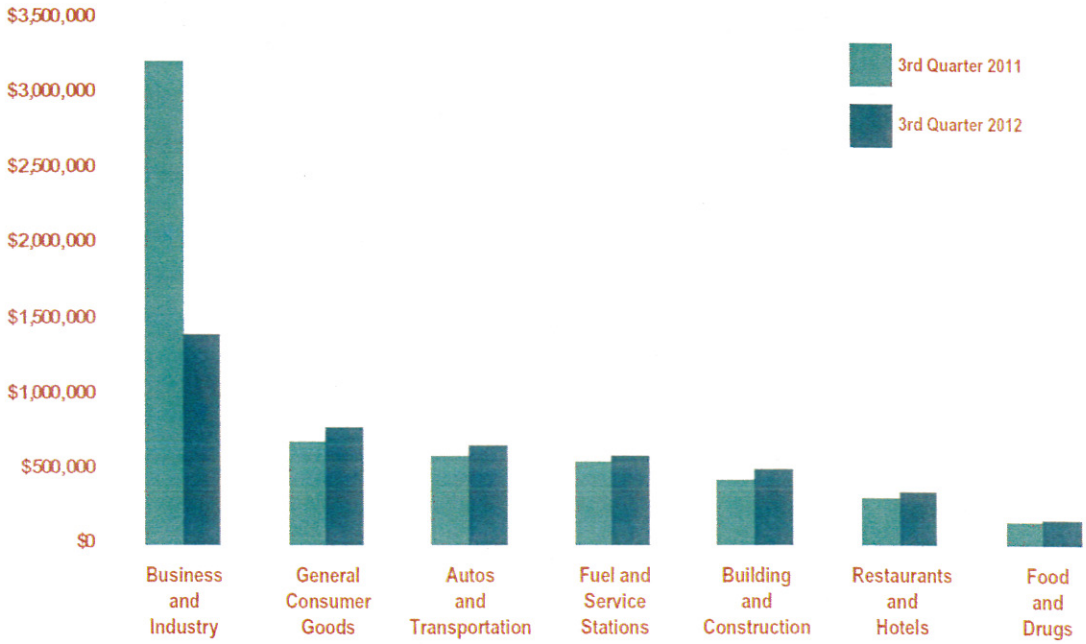
Multiple deviations and onetime events distorted business to business returns in the office equipment, medical/biotech and light industrial/printers categories. Nonetheless agricultural, medical/biotech, electrical and manufacturing supplies/equipment were up. Onetime use tax was about 45% of the adjusted gain of 8.3% for business and industry as a whole.

New outlets contributed to the increase in general consumer goods. New auto sales exceeded county and statewide trends but closeouts offset part of this gain.

Higher receipts in building and construction and restaurants as a whole were inflated by temporary aberrations.

Adjusted for aberrations, taxable sales for all of Alameda County increased 8.4% over the comparable time period, while the Bay Area as a whole was up 6.4%.

Sales Tax by Major Business Group



Top 25 Producers

In Alphabetical Order

7 Eleven
All West Equipment
AMS Net
Bobst Group North America
Costco
Harris Rebar
HD Construction Supply
Home Depot
J A Momaney Services
Jifco
Kaiser Pharmacy
Livermore Audi/ Subaru/Honda
Livermore Ford Lincoln
Lowes
Macpherson Western Tool Supply
Porsche of Livermore
Quik Stop Market
Safeway
Safeway Gas
Tapestry Medical
Target
US Foodservice
Vanstar Corporation
Walmart
Waxies

Revenue Comparison

Two Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	$10,056,831	$10,078,409
County Pool	1,395,213	1,391,456
State Pool	2,781	4,066
Gross Receipts	**$11,454,824**	**$11,473,930**
Less Triple Flip*	$(2,863,706)	$(2,868,483)

**Reimbursed from county compensation fund*

Published by HdL Companies in Winter 2013
www.hdlcompanies.com | 888.861.0220

HdL COMPANIES

NOTES

Statewide Results

Gains in all seven of HdL's key economic groupings confirm that California's economy continues to mend. Statewide local sales and use tax revenues from transactions occurring July through September 2012 were 6.0% higher than the same quarter in 2011 after onetime accounting and reporting aberrations are factored out.

The continued strong demand for new autos exceeded analysts' expectations and generated about one-fourth of the adjusted statewide increase. Restaurant sales posted another strong quarter with receipts 6.6% higher than the same period one year ago. Use tax from the development of solar energy projects and a modest recovery in some categories of building and construction materials also contributed to the rise.

Overall sales growth was tempered by a leveling in fuel prices compared to the previous year's quarter and by a slowdown in business spending in the Silicon Valley.

The Year Ahead

Gains in sales and use tax receipts from the first half of 2013 are expected to be lower than previous quarters. Recovery from "fiscal cliff" uncertainties and its final outcome may take several months while Europe's financial woes and China's sluggish growth will temper California export activity. Fuel prices should stabilize and not generate the huge bubbles in tax revenues experienced in previous quarters.

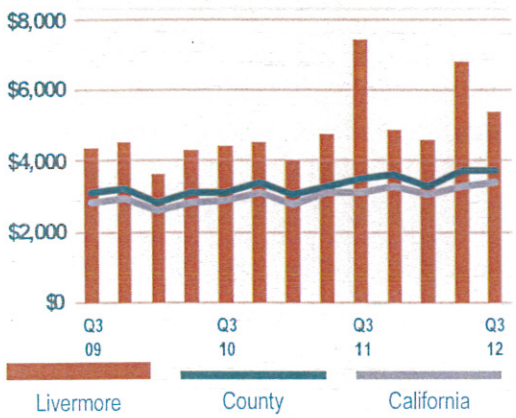
The last half of the year is predicted to resume steady, moderate growth. In November, the state's unemployment rate had already dipped to 9.8 percent, the lowest since the recession began. The recent gains are becoming more widespread among job categories and even include an increase in construction-related employment.

The state's housing market is strengthening with fewer distressed transactions and record low inventories. The median sales price of homes has increased for the last eight consecutive months of the year and building activity, particularly in the coastal areas, is expected to pick up steam in 2013. Elevated foreclosure rates in some inland regions may delay building recovery for another year or two.

Pent-up demand, record low interest rates and easing credit availability have led to robust sales of new automobiles. That demand is expected to continue for another few quarters as consumers replace older, less fuel efficient models and take advantage of lease and financing incentives being offered by manufacturers.

Wage gains from new hiring, combined with lower fuel prices and an improving housing market are incrementally boosting consumer confidence but much depends on government stewardship of the recovery. Tax increases and reduced benefits could shrink spending at the lower income levels while overly deep cutbacks in government contracts and infrastructure improvements could discourage new business investment.

Sales Per Capita



Livermore Top 15 Business Types

Business Type	Livermore Q3 '12*	Livermore Change	County Change	HdL State Change
Business Services	95.6	-33.2%	-14.5%	-1.2%
Discount Dept Stores	484.8	15.0%	15.2%	15.5%
Drugs/Chemicals	112.6	16.3%	4.3%	1.8%
Electrical Equipment	140.1	5.0%	-6.3%	18.4%
Food Mfg.	133.3	9.9%	26.8%	11.2%
Heavy Industrial	239.0	-0.6%	-4.5%	7.0%
Light Industrial/Printers	148.5	15.1%	5.7%	-5.5%
Lumber/Building Materials	268.4	24.4%	36.1%	35.9%
Medical/Biotech	118.8	-94.2%	-66.4%	-22.1%
New Motor Vehicle Dealers	403.5	23.3%	24.5%	19.2%
Office Equipment	146.0	298.1%	10.6%	2.6%
Plumbing/Electrical Supplies	98.6	21.9%	31.0%	20.0%
Restaurants Liquor	109.4	14.1%	10.2%	8.6%
Restaurants No Alcohol	156.0	12.7%	11.4%	8.1%
Service Stations	577.5	6.4%	2.6%	1.6%
Total All Accounts	**$4,445.5**	**-27.2%**	**6.3%**	**8.8%**
County & State Pool Allocation	**646.0**	**-23.1%**		
Gross Receipts	**$5,091.6**	**-26.7%**		

*In thousands