

# Q2 2013

LIVERMORE

# City of Livermore Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2013)

## Livermore In Brief

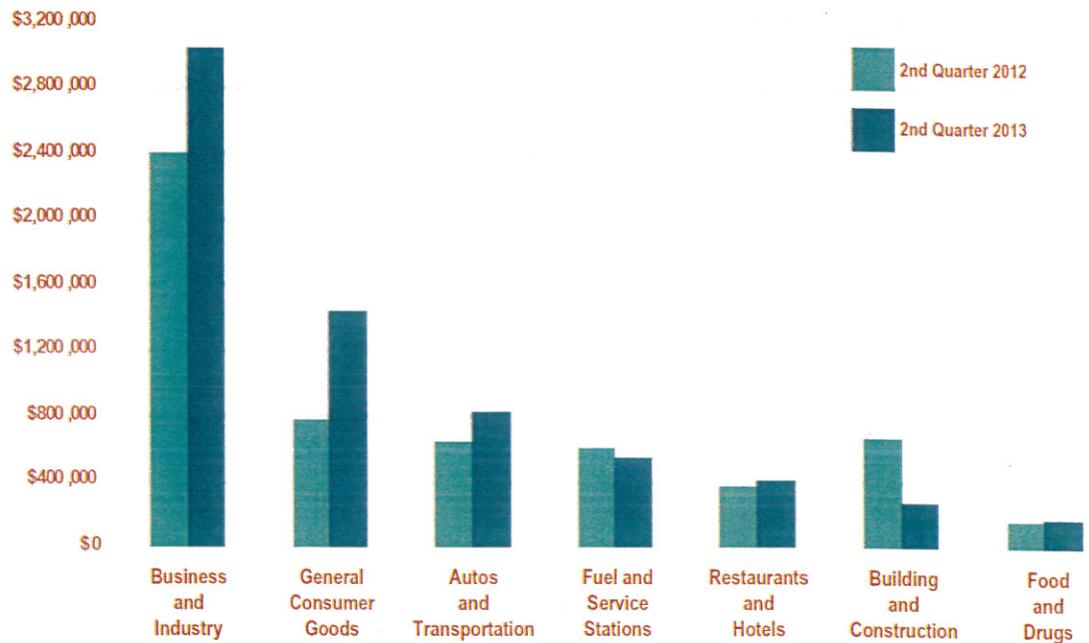
Receipts from Livermore's April through June sales jumped 19.9% compared to the same quarter one year ago. Actual sales activity rose 26.1% net of accounting anomalies.

Proceeds from the Livermore Valley Premium Outlets boosted returns from the general consumer goods group. Recent additions also contributed to gains from light industrial/printers and both the food and drugs and restaurant groups. Sales were up from new car dealers and several business and industry group categories, but business group results were inflated by accounting events that impacted multiple classifications. The allocation from the countywide use tax pool was also a factor for the overall increase. The pool was 12.1% larger than the comparison period.

Receipt of double payments in the year-ago quarter depressed results from lumber/building materials and exaggerated service station losses. Building and construction group totals were also depressed by the correction of a prior reporting error.

Adjusted for onetime accounting events, sales and use tax receipts for all of Alameda County increased 7.4% over the comparable time period; Bay Area totals were up 5.2%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

AMS Net	Mobile Modular Management
Costco	Owens & Minor
Electronic Products	Penske Truck Leasing
Harris Rebar	Porsche of Livermore
Home Depot	Prada
J A Momaney Services	Quik Stop Market
Kaiser Pharmacy	Safeway
Livermore Audi/Subaru/Honda	Safeway Gas
Livermore Ford Lincoln Mitsubishi	Solar Universe
Lowe's	Target
Macpherson	US Foodservice
Western Tool Supply	Vanstar Corporation
	Walmart
	Waxies

### REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$5,632,876	\$6,695,644
County Pool	743,765	951,342
State Pool	5,719	4,758
<b>Gross Receipts</b>	<b>\$6,382,360</b>	<b>\$7,651,745</b>
Less Triple Flip*	\$(1,595,590)	\$(1,912,936)

\*Reimbursed from county compensation fund

**State Overall**

Adjusted for accounting anomalies, receipts from local governments' one cent sales and use tax were up 5.4% over the second quarter of 2012.

More than half of the increase was driven by a strong quarter for auto sales plus new revenues flowing to the countywide use tax allocation pools largely as result of the previous passage of AB 155's expanded definition of nexus for out-of-state companies required to collect California sales and use taxes.

Receipts from the building and construction categories exhibited significant gains reflecting the beginning of a recovery in new housing construction and considerable remodeling activity. Restaurant sales were also strong but limited to low priced quick service chains and higher priced fine dining restaurants with full liquor licenses.

Gains from general consumer goods were modest overall and tended to be retailer and community specific. Tax revenues from fuel were down from last year's comparable quarter while receipts from business and industrial purchases were flat with the few increases in that group primarily tied to agriculture and food processing.

**The Remaining Fiscal Year**

The general consensus is that the state's economy will continue to recover in 2013-14 but sales tax growth may be more modest in the second half of the fiscal year than the first half.

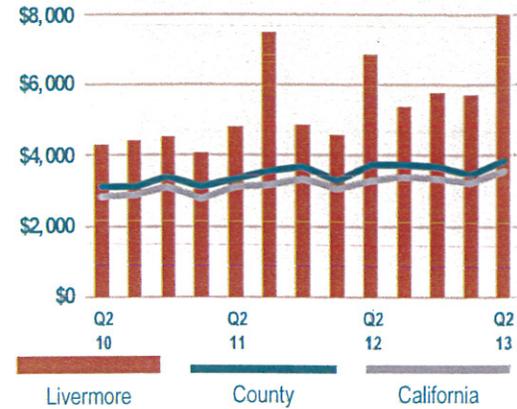
Auto sales which have been up by double digits from years of pent-up demand are expected to plateau in another quarter or two with the pace of growth returning to more normal levels. With consumers taking on more debt to purchase new cars and homes, discretion-

ary spending on other items is expected to slow. Low inflation, price competition and a job recovery tilted toward low paying or part-time work will also keep the cost of taxable goods in check.

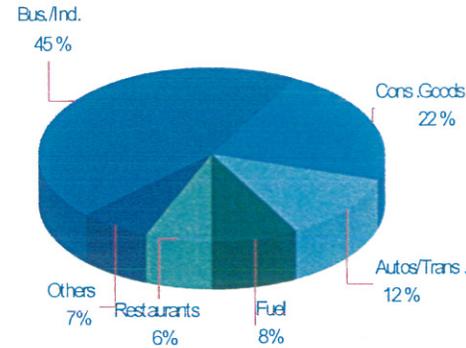
The six year boom in the state's technology sector appears to be slowing with companies shifting from buying their own hardware and software to renting computer power through cloud based services. Gas prices will continue to be impacted by refinery shutdowns, Middle East crises and oil speculators. However with today's new cars almost 20% more fuel efficient than those sold only six years ago, further tax gains from this segment are not anticipated.

Continued recovery in construction activity is expected to generate a major share of sales tax growth in the second half of the fiscal year. With rising home and stock market values benefiting higher income families, luxury goods in all categories are also projected to show solid gains.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Livermore This Quarter



**LIVERMORE TOP 15 BUSINESS TYPES**

Business Type	Livermore		County	HdL State
	Q2 '13*	Change	Change	Change
Discount Dept Stores	—	CONFIDENTIAL	0.8%	2.3%
Drugs/Chemicals	111.5	4.5%	2.9%	8.7%
Electrical Equipment	273.0	81.1%	17.3%	10.4%
Family Apparel	336.2	801.3%	28.1%	4.7%
Food Mfg.	—	CONFIDENTIAL	0.5%	8.2%
Heavy Industrial	194.8	13.8%	7.1%	7.5%
Light Industrial/Printers	162.1	23.3%	6.4%	9.6%
Lumber/Building Materials	232.2	-16.9%	3.0%	-4.6%
Medical/Biotech	—	CONFIDENTIAL	32.1%	216.7%
New Motor Vehicle Dealers	515.4	32.8%	13.4%	11.1%
Office Equipment	156.4	19.1%	-5.2%	16.6%
Restaurants Liquor	134.9	16.3%	13.8%	9.9%
Restaurants No Alcohol	175.6	12.8%	8.5%	5.9%
Service Stations	537.2	-9.5%	-8.1%	-5.7%
Specialty Stores	156.1	141.1%	8.9%	5.5%
<b>Total All Accounts</b>	<b>\$6,695.6</b>	<b>18.9%</b>	<b>4.2%</b>	<b>7.0%</b>
<b>County &amp; State Pool Allocation</b>	<b>956.1</b>	<b>27.6%</b>		
<b>Gross Receipts</b>	<b>\$7,651.7</b>	<b>19.9%</b>		

\*In thousands