

# Q2 2013



# Contra Costa County Sales Tax *Update*

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

## Contra Costa County In Brief

Receipts for April through June sales in the unincorporated area were 2.1% lower than the same quarter one year ago. Actual sales activity dipped 0.2% when accounting aberrations were factored out.

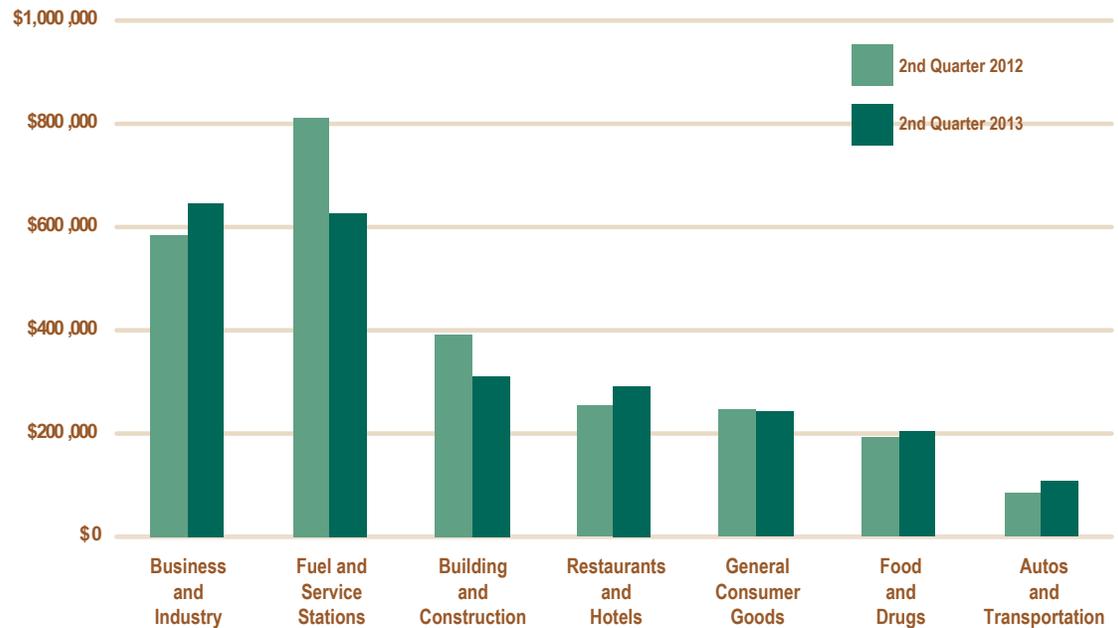
The correction of prior reporting problems that spiked last year's receipts overstated current period declines from service stations and contractor supplies.

Postings were up from lumber/building materials, petroleum products/equipment, the food and drugs group and some classifications of consumer goods. Accounting events that affected one or both periods inflated gains from restaurants-liquor, those with no alcohol and multiple categories within the business and industry group, including garden/agricultural supplies, light industrial/printers and repair shop/equipment rentals.

The allocation from the countywide use tax pool jumped 26.0% compared to the year-ago quarter when retroactive adjustments cut funds available for distribution.

Net of reporting anomalies, sales and use tax receipts for all of Contra Costa County, including its cities, increased 1.6% over the same period; Bay Area totals were up 5.2%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Alamo Hardware	Kiewit Power Constructors
Alamo Shell	New York Times Sales
BDV Chevron	Patterson Dental Supply
Blackhawk Country Club	Roofing Supply Group
Brickyard Building Materials	Rotten Robbie
Chevron	Safeway
County Asphalt	Safeway Gas
Dow Jones & Company	Sams Club
General Plumbing Supply	Shell
Graybar Electric	Tesoro Refining & Marketing
Hunt & Sons	Tower Mart
John Deere	United Rentals
Landscapes	Wesco Distribution

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2012-13	2013-14
<b>Point-of-Sale</b>	\$2,585,848	\$2,436,807
<b>County Pool</b>	276,315	348,020
<b>State Pool</b>	2,567	1,733
<b>Gross Receipts</b>	\$2,864,730	\$2,786,560
<b>Cty/Cnty Share</b>	823,670	825,983
<b>Net Receipts</b>	<b>\$3,688,401</b>	<b>\$3,612,544</b>
<b>Less Triple Flip*</b>	\$(922,100)	\$(903,136)

\*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.

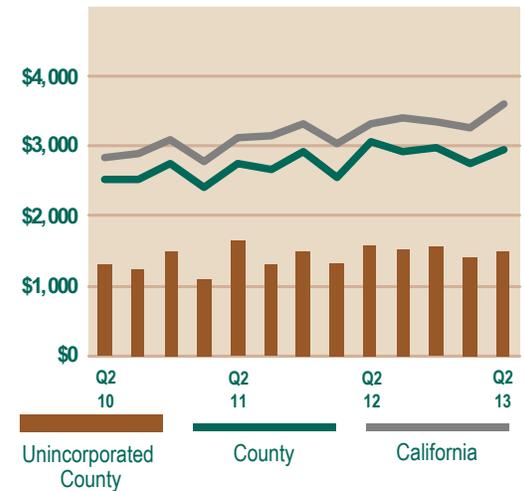
Auto sales which have been up by double digits from years of pent-up demand are expected to plateau in another quarter or two with the pace of growth returning to more normal levels. With consumers taking on more debt to purchase new cars and homes, discretion-

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.

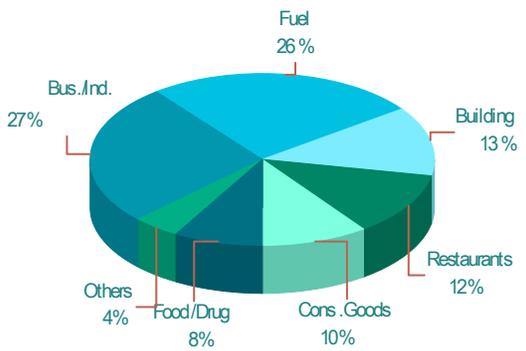
Continued recovery in construction activity is expected to generate a major share of sales tax growth in the second half of the fiscal year. With rising home and stock market values benefiting higher income families, luxury goods in all categories are also projected to show solid gains.

## SALES PER CAPITA



## REVENUE BY BUSINESS GROUP

Contra Costa County This Quarter



## CONTRA COSTA COUNTY TOP 15 BUSINESS TYPE

Business Type	Unincorporated County		County	HdL State
	Q2 '13*	Change	Change	Change
Contractors	211.5	-33.2%	-3.6%	5.0%
Discount Dept Stores	— CONFIDENTIAL —		1.4%	2.3%
Drug Stores	44.9	5.2%	2.6%	0.8%
Electrical Equipment	47.8	-20.2%	8.8%	10.4%
Garden/Agricultural Supplies	84.2	40.8%	5.1%	14.3%
Grocery Stores Liquor	86.1	4.1%	3.0%	2.7%
Leisure/Entertainment	68.2	4.6%	-1.4%	26.2%
Light Industrial/Printers	217.1	36.0%	18.4%	9.6%
Lumber/Building Materials	53.9	30.3%	-2.1%	-4.6%
Medical/Biotech	92.8	-0.7%	11.0%	216.7%
Petroleum Prod/Equipment	143.0	4.7%	146.7%	-2.9%
Repair Shop/Equip. Rentals	75.0	16.5%	6.5%	9.0%
Restaurants Liquor	102.7	45.3%	14.0%	9.9%
Restaurants No Alcohol	85.5	7.4%	4.6%	5.9%
Service Stations	478.4	-28.2%	-4.4%	-5.7%
<b>Total All Accounts</b>	<b>\$2,436.8</b>	<b>-5.8%</b>	<b>-3.0%</b>	<b>7.0%</b>
<b>County &amp; State Pool Allocation</b>	<b>349.8</b>	<b>25.4%</b>		
<b>Gross Receipts</b>	<b>\$2,786.6</b>	<b>-2.7%</b>		
City/County Share	826.0	0.3%		
<b>Net Receipts</b>	<b>\$3,612.5</b>	<b>-2.1%</b>		

\*In thousands