

# Q4 2007



# Contra Costa County Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2007)

## Contra Costa County In Brief

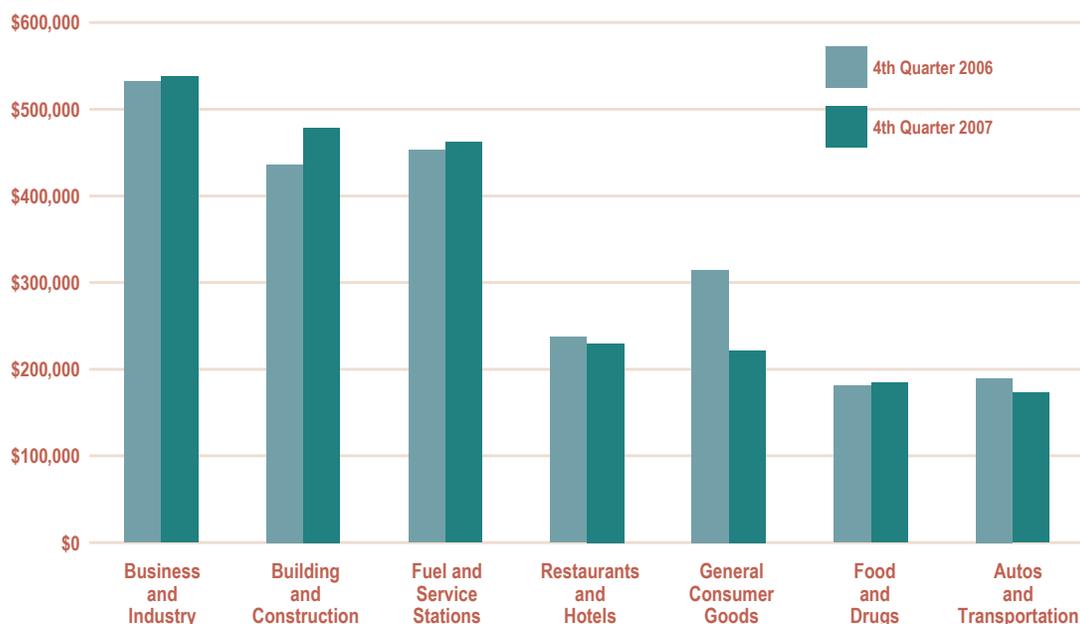
The allocation from the unincorporated area's October through December sales tax was 4.0% less than the same quarter one year ago.

Decreased sales from light industrial/printers, petroleum products/equipment, garden agricultural supplies and drug stores were partially responsible for the decrease. A recent closeout reduced revenues from repair shop/hand tool rentals. A onetime payment that temporarily inflated last year's allocation is responsible for the decrease in clubs/amusement places.

The losses were offset by higher fuel prices plus increased sales from contractors and grocery stores with liquor. Recent additions helped boost revenues from restaurants with no alcohol and lumber/building materials. Comparisons of specialty stores, restaurants with liquor and trailers/RVs were temporarily inflated by onetime accounting adjustments.

Adjusted for reporting aberrations, taxable sales for all of Contra Costa County, including its cities, decreased 0.4% over the comparable time period while the Bay Area as a whole as down 1.1%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Blackhawk Country Club	Marx Associates
Central Concrete Supply	Nortel Networks
County Asphalt	Renaissance Clubsport
Criterion Catalyst	Rotten Robbie
East Bay RV	S & S Tool & Supply
Fluor Enterprises	Safeway
General Electric	Safeway Gasoline
General Plumbing Supply	Shell/Texaco
Graybar Electric	Sportmart
Hertz Equipment Rental	Syar Industries
Home Depot	Tesoro West Coast
John Deere Landscapes	Tesoro West Coast
	Tower Mart

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2006-07	2007-08
<b>Point-of-Sale</b>	\$6,833,197	\$7,101,479
<b>County Pool</b>	919,108	986,809
<b>State Pool</b>	10,439	2,936
<b>Gross Receipts</b>	\$7,762,744	\$8,091,224
<b>Cty/Cnty Share</b>	2,536,193	2,493,270
<b>Net Receipts</b>	<b>\$10,298,937</b>	<b>\$10,584,494</b>
<b>Less Triple Flip*</b>	\$(2,574,734)	\$(2,646,124)

\*Reimbursed from county compensation fund

## NOTES

### DECLINES IN SALES TAX REVENUES CONTINUE

Statewide tax receipts suggest lumps of coal were found in some Christmas stockings during 2007's fourth quarter. The 2.6% decline from the same period last year was the third straight quarter that receipts were either flat or down from prior sales activity.

The 11.2% drop in auto sales and 14.5% decline in building/construction materials were somewhat more severe than anticipated. The surprise was a 3% drop in holiday spending on general consumer goods with traditional department stores, furniture and specialty stores exhibiting the greatest decreases.

The losses were partially offset by gains from rising prices of food, drugs and fuel. Restaurants managed to eek out a 1.1% increase over the previous holiday quarter although that gain may have also been price related.

Only Imperial, San Luis Obispo and Ventura Counties showed significant fourth quarter increases. But all benefited from onetime payments related to various energy projects or other anomalies, not gains in on-going sales activities.

Initial reports indicate that June receipts for sales occurring January through March of 2008 will be equally dismal. Auto dealers are expected to report another quarter of double digit declines and revenues from apparel, general consumer goods and restaurants are projected to be flat or down. The recent spike in fuel prices should produce another positive quarter for fuel and service stations and partially offset losses in other categories.

### WILL 2008-2009 BE BETTER?

Economists expect sales declines to bottom out during the next fiscal year but are uncertain on when in that year the bottom will hit.

Auto manufacturers are hoping for a slight rebound in sales in the second

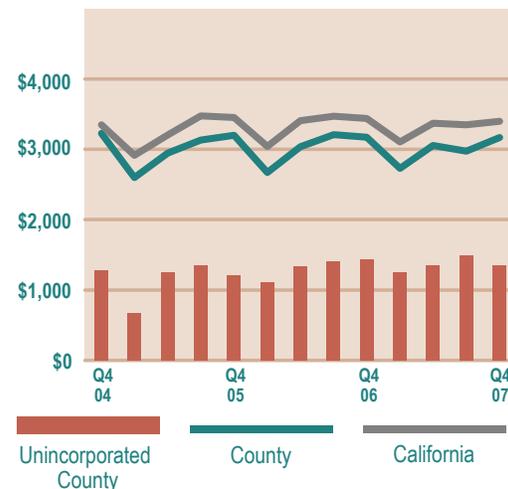
half of 2008 and into 2009. A recovery in public, commercial and industrial construction could stabilize tax receipts from building supplies although a rebound from housing related goods and materials is not expected until 2010 or 2011.

The instability of world crude oil prices, reduced refinery production and the coming seasonal driving peak are expected to maintain high fuel prices through late summer and compete with other consumer spending.

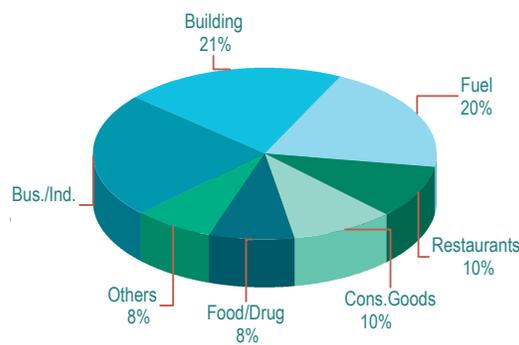
The weak dollar should continue to lure international consumers to key tourist destinations. However, capital investment by U.S. exporters is beginning to show signs of leveling off.

In late May, taxpayers will begin receiving payments of \$300 to \$1200 plus \$300 for each qualifying child through the Economic Stimulus Act of 2008. \$12.4 billion is expected to flow to California though various surveys indicate that much of the rebates will go to pay off debt or increase savings. Most analysts see the package as inducing a minor but only temporary spike in third quarter sales tax receipts.

### SALES PER CAPITA



### REVENUE BY BUSINESS GROUP Contra Costa County This Quarter



### CONTRA COSTA COUNTY TOP 15 BUSINESS TYPES

Business Type	Unincorporated County		County	HdL State
	Q4 '07*	Change	Change	Change
Contractors	\$371.1	3.0%	15.8%	-14.8%
Service Stations	355.3	23.7%	31.7%	25.5%
Electrical Equipment	181.4	73.0%	59.4%	-1.2%
Light Industrial/Printers	100.7	-22.2%	1.3%	-2.2%
Petroleum Prod/Equipment	93.2	-38.7%	-1.1%	19.0%
Grocery Stores Liquor	90.7	6.5%	3.4%	6.7%
Restaurants No Alcohol	66.4	14.8%	1.0%	2.2%
Repair Shop/Hand Tool Rentals	64.5	-10.7%	-3.0%	-5.5%
Specialty Stores	61.2	12.9%	-1.3%	-1.9%
Restaurants Liquor	58.0	5.2%	3.7%	8.6%
Lumber/Building Materials	50.3	168.6%	23.7%	14.6%
Garden/Agricultural Supplies	46.7	-20.5%	-5.5%	-6.5%
Clubs/Amusement Places	45.1	-33.6%	-16.3%	1.0%
Drug Stores	44.4	-0.5%	0.3%	-1.5%
Trailers/RVs	42.0	14.3%	19.5%	-28.7%
<b>Total All Accounts</b>	<b>\$2,287.7</b>	<b>-2.4%</b>	<b>1.0%</b>	<b>0.2%</b>
<b>County &amp; State Pool Allocation</b>	<b>319.9</b>	<b>-14.3%</b>		
<b>Gross Receipts</b>	<b>\$2,607.6</b>	<b>-4.0%</b>		
City/County Share	865.3	-0.8%		
<b>Net Receipts</b>	<b>\$3,472.9</b>	<b>-3.2%</b>		

\*In thousands