In Brief

Receipts for January through March sales in the unincorporated area were 3.0% lower than the same quarter one year ago. Actual sales activity was down 4.4% when reporting aberrations were factored out.

Sales declined in the light industrial/printer, contractor supply, electrical equipment, and garden/agricultural supply categories. Onetime payments that temporarily inflated last year’s allocation from used auto dealers were partially responsible for the current decrease.

Higher fuel prices provided a boost to service station and petroleum products revenues. A recent reopening produced gains from lumber/building materials. Receipts from restaurants without alcohol and restaurants with liquor were inflated by onetime reporting aberrations.

Adjusted for aberrations, taxable sales for all of Contra Costa County, including its cities, were down 4.8% over the comparable period, while the Bay Area as a whole was down 1.5%.

Top 25 Producers

In Alphabetical Order

- Alliance Minimart
- Central Concrete Supply
- Chevron
- Criterion Catalyst
- Fluor Enterprises
- General Electric
- General Plumbing Supply
- Graybar Electric
- Hertz Equipment Rental
- Home Depot
- Powell Electrical Manufacturing
- Rental Service
- Rotten Robbie
- S & S Tool & Supply
- Safeway
- Safeway Gasoline Sales
- Sams Club
- Shell/Texaco
- Sportmart
- Syar Industries
- Tesoro West Coast
- Tesoro West Coast
- Tower Mart
- Walgreens
- Wesco Distribution

Revenue Comparison

Four Quarters – Fiscal Year To Date

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<thead>
<tr>
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<th>2006-07</th>
<th>2007-08</th>
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<tbody>
<tr>
<td>Point-of-Sale</td>
<td>$8,948,253</td>
<td>$9,159,508</td>
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<tr>
<td>County Pool</td>
<td>1,235,293</td>
<td>1,276,453</td>
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<tr>
<td>State Pool</td>
<td>12,407</td>
<td>4,675</td>
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<tr>
<td>Gross Receipts</td>
<td>$10,195,953</td>
<td>$10,440,636</td>
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<tr>
<td>Cty/Cnty Share</td>
<td>3,286,387</td>
<td>3,230,628</td>
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<tr>
<td>Net Receipts</td>
<td>$13,482,341</td>
<td>$13,671,264</td>
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<td>Less Triple Flip*</td>
<td>$(3,370,585)</td>
<td>$(3,417,816)</td>
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*Reimbursed from county compensation fund
CALIFORNIA OVERALL
Statewide sales tax receipts for January through March sales dropped 4.5% from the same quarter of 2007 when reporting aberrations were factored out. The decline continued to be led by new car sales which were down 18.6%. Building-related materials posted a decrease of 14.3% while general consumer goods dropped 5.4%
Previous predictions that this quarter would be at the bottom after the spending bubble burst are beginning to fade. Auto dealers report continuing slides and the International Council of Shopping Centers predicts 2008's store closings to be the most since 2001. The UCLA Anderson Forecast is that the economy will be sluggish for at least another 18 months.

SALES TAX AND THE HOUSING BUBBLE
A new Harvard University study provides some insight into the impact that the housing slump has on consumer spending. The researchers concluded that the combined effects of fewer home starts and falling prices cut national economic growth by almost 1.5% in 2007.
In addition to the “reverse multiplier” effect that lost wages in the construction industry has had on consumer spending, the decline in home prices has substantially reduced the amount of discretionary spending that occurred from borrowing against the rising market value of homes.

These cash-outs, referred to as “Mortgage Equity Withdrawals” (MEWs), fell from a high of 10% of the country’s personal disposable income in 2004 to approximately 2% in the first quarter of this year.
Consumer spending tends to lag changes in income, both up and down. As MEWs fell in the latter half of 2007, consumers used their credit cards to continue spending. Credit card companies, including American Express, now report alarming rises in late payments suggesting that many consumers are about tapped out.
An example of Harvard’s conclusion that homeowners’ disposable spending is partially related to changes in home values recently came from Home Depot. The company attributes its current decline to the fact that 50-60% of its sales are normally from major improvement projects that customers are deferring as home values slip.
Analysts, including Chapman University’s, are predicting that housing prices will continue to drop into 2009. If this is so, it adds another gloomy aspect to the timing for a recovery in sales tax growth.
The full Harvard study can be reviewed at www.jchs.harvard.edu/.