

# Q4 2014



# Contra Costa County Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2014)

## Contra Costa County In Brief

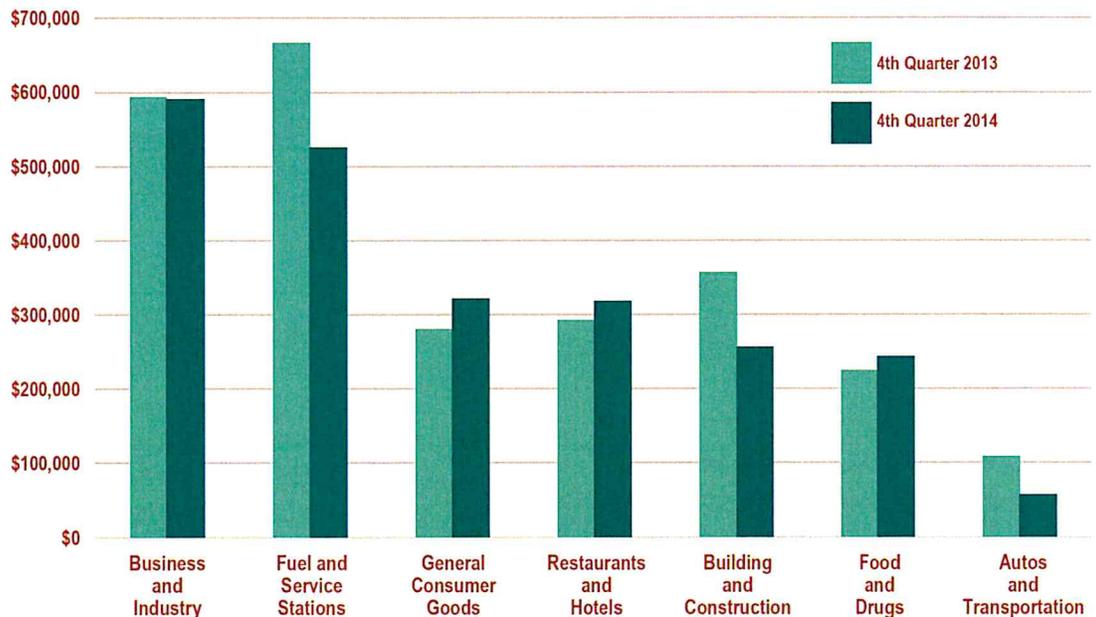
Receipts for the unincorporated area's October through December sales were 4.9% below the same quarter one year ago. With reporting aberrations factored out, actual sales were up 2.3%.

Lower fuel prices together with accounting adjustments that inflated year-ago receipts and a City of Antioch annexation of a portion of the county area to cause the fuel and service stations decline. Unusually large contractor allocations a year ago caused the building and construction decrease. Onetime payment aberrations led to the dip in the business and industry category which, net of payment anomalies, was up 19.9%. A state tax refund to a company holding uncollectable consumer debt caused the sharp drop in the autos and transportation segment.

Onetime accounting adjustment and a misallocated payment were major factors in the general consumer goods increase. Consumers interested in quick service dining boosted the restaurant comparison.

Adjusted for aberrations, taxable sales for all of Contra Costa County increased 3.2% over the comparable time period, while sales in the Bay Area region were also up 3.2%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Alamo Hardware	General Plumbing Supply
Alamo Shell	McGuire Harley Davidson
BDV Chevron	New York Times Sales
Blackhawk Country Club	Safeway
Brickyard Building Materials	Safeway Fuel
C & H Sugar	Sams Club
Chevron	Shell
County Asphalt	Tesoro Refining & Marketing
Criterion Catalysts Technologies	Tower Mart
CSI Project Holdco	United Rentals
Dead Fish	Walgreens
Dow Jones & Company	Wesco Distribution
General Electric	

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$7,465,597	\$7,075,210
County Pool	1,148,080	1,145,605
State Pool	4,521	6,198
<b>Gross Receipts</b>	<b>\$8,618,199</b>	<b>\$8,227,013</b>
Cty/Cnty Share	2,582,122	2,691,526
<b>Net Receipts</b>	<b>\$11,200,321</b>	<b>\$10,918,539</b>
Less Triple Flip*	\$(2,800,080)	\$(2,729,635)

\*Reimbursed from county compensation fund

**Holiday Quarter Up**

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter (October – December) of 2014 were 3.6% higher than last year's holiday quarter.

The gain was primarily due to continued strong demand for new cars and trucks, increased restaurant patronage and a rise in the countywide "use tax" allocation pools resulting from a shift to online shopping where much of the merchandise is shipped from out of state. General consumer goods sales allocated via the pools rose 22% during this holiday quarter versus an increase in tax receipts from brick and mortar stores of only 2.8%.

Robust sales for building and construction materials added to the overall increase which was largely offset by significant declines in revenues from petroleum related industries and service stations.

**Gasoline Supply and Demand**

Statewide, fourth quarter's tax receipts from fuel and service stations dropped 10.4% from the previous year. Prices rebounded in the first quarter of 2015 due to refinery shutdowns and labor strife but remained well below the prior year due to a worldwide supply glut and weak demand.

Spending cuts by oil producers and a sharp decline in the number of rigs drilling for crude in the U.S. could reduce output and place upward pressure on prices in the second half of 2015. However, improved fuel efficiency and demographic changes continue to reduce demand for gasoline, with consumption at the lowest it has been in 30 years.

From 2008 through 2014 Californians purchased just over 10 million new vehicles, with mileage ratings almost 22% higher than those they replaced. Also, usage has further declined as baby boomers age into retirement and millennials increasingly favor public transportation and car services that make owning a vehicle less necessary.

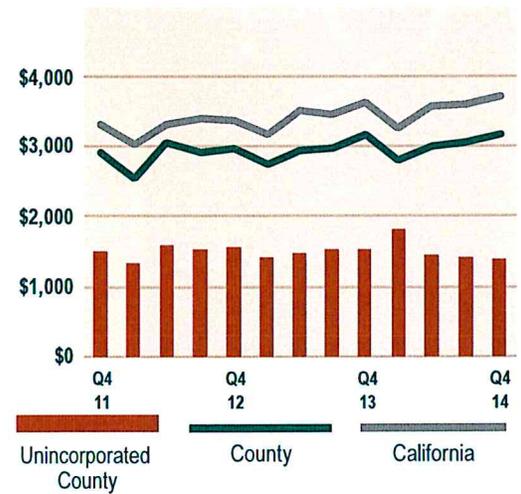
**Triple Flip Unwind**

In March 2004, California voters approved Proposition 57, the California Economic Recovery Bond Act that authorized the issuance of \$15 billion in "Economic Recovery Bonds" to close the state's operating budget deficit.

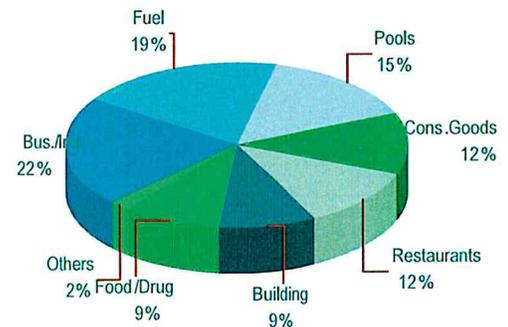
The Bradley-Burns local sales tax rate was decreased from 1 percent to 0.75 percent and the diverted 0.25 percent rate was pledged to repay the bonds. The state then directed that counties reimburse local governments for the 0.25 percent loss with property tax from the Educational Revenue Augmentation Fund (ERAF) set up for schools and then reimburse schools for the ERAF loss from the State General Fund. The funding scheme became known as the "Triple Flip."

The governor's FY 2014-15 state budget currently provides for retiring the bonds as early as July 2015. If carried out as planned, local agencies would receive their final "true-ups" of triple flip reimbursements in the first half of 2016 and the full one cent Bradley-Burns tax reinstated in their second quarter 2016 receipts.

**SALES PER CAPITA**



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



**CONTRA COSTA COUNTY TOP 15 BUSINESS TYPE**

Business Type	*In thousands			
	Unincorporated County Q4 '14*	County Change	County Change	HdL State Change
Casual Dining	113.7	1.9%	4.6%	5.9%
Contractors	162.7	-35.2%	-13.5%	9.0%
Discount Dept Stores	— CONFIDENTIAL —	—	1.0%	0.9%
Drug Stores	46.1	-3.6%	-1.6%	-2.3%
Energy/Utilities	— CONFIDENTIAL —	—	46.7%	24.5%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	-13.4%	8.7%
Garden/Agricultural Supplies	49.4	18.4%	1.3%	5.8%
Grocery Stores Beer/Wine	41.5	0.4%	-3.9%	-4.1%
Grocery Stores Liquor	— CONFIDENTIAL —	—	10.3%	3.5%
Leisure/Entertainment	61.9	-2.9%	-8.0%	8.1%
Light Industrial/Printers	189.7	-10.0%	-37.2%	-1.4%
Petroleum Prod/Equipment	118.6	-45.4%	-4.1%	-9.8%
Quick-Service Restaurants	97.1	16.8%	3.8%	7.5%
Repair Shop/Equip. Rentals	95.0	2.1%	-8.0%	-4.1%
Service Stations	401.7	-9.7%	-7.2%	-10.5%
<b>Total All Accounts</b>	<b>\$2,314.3</b>	<b>-8.4%</b>	<b>0.9%</b>	<b>3.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$419.3</b>	<b>-0.9%</b>	<b>9.2%</b>	<b>4.7%</b>
<b>Gross Receipts</b>	<b>\$2,733.7</b>	<b>-7.3%</b>	<b>2.1%</b>	<b>3.9%</b>
City/County Share	941.6	2.7%		
<b>Net Receipts</b>	<b>\$3,675.3</b>	<b>-4.9%</b>		