

Q2 2015



Contra Costa County Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2015)

Contra Costa County In Brief

The unincorporated area's receipts from April through June were 4.1% above the second sales period in 2014. Excluding reporting aberrations, actual sales were up 7.3%.

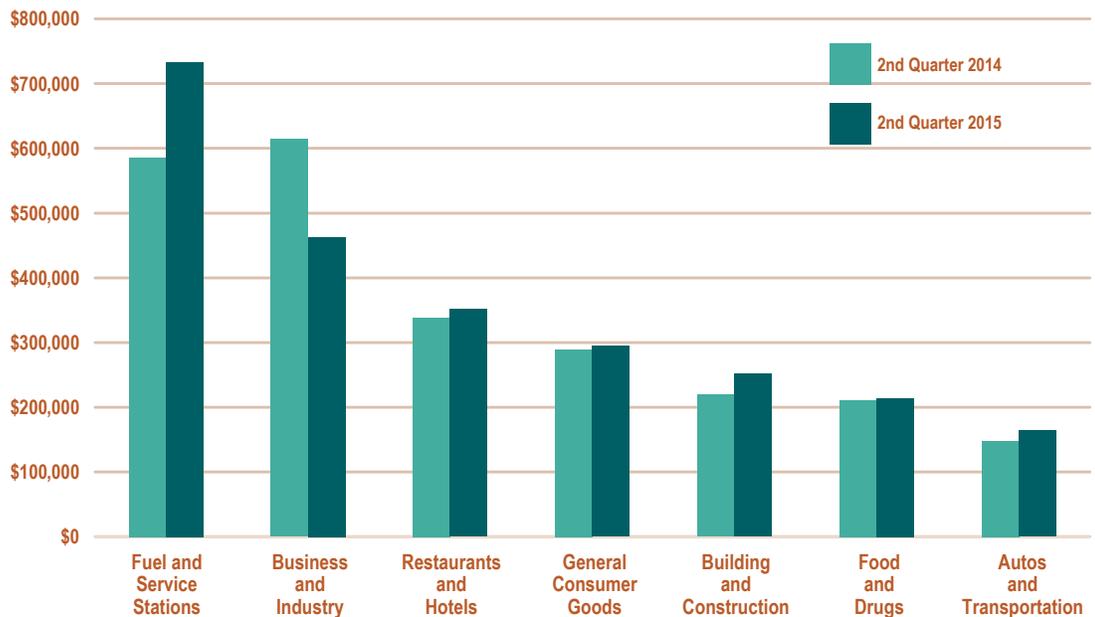
Retroactive adjustments exaggerated the decrease in business to business receipts. Light industrial/printers declined while a new business boosted business services and garden/agricultural supplies were up.

The spike in the sale of petroleum products/equipment/equipment more than offset the impact of lower fuel prices in service stations. Despite reporting errors that overstated the contractor category, building and construction as a whole exceeded the statewide trend.

Both restaurants and hotels and auto-related sectors posted higher returns than a year ago.

Net of aberrations, taxable sales for all of Contra Costa County grew 6.8% over the comparable time period; the Bay Area was up 3.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Alamo Shell	McGuire Harley Davidson
Axens North America	Mid Valley Agricultural
BDV Chevron	New York Times Sales
Blackhawk Country Club	Roofing Supply Group
Brickyard Building Materials	Rotten Robbie
C & H Sugar	Safeway
Chevron	Safeway Fuel
County Asphalt	Sams Club
Criterion Catalysts Technologies	Shell
Dead Fish	Tower Mart
El Sobrante Arco	Walgreens
General Electric	Wesco Distribution
General Plumbing Supply	

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$2,406,553	\$2,471,776
County Pool	368,025	396,763
State Pool	1,885	2,137
Gross Receipts	\$2,776,464	\$2,870,676
Cty/Cnty Share	866,568	921,595
Net Receipts	\$3,643,031	\$3,792,271
Less Triple Flip*	\$(910,758)	\$(948,068)

*Reimbursed from county compensation fund

Statewide Sales Tax Trends

Excluding accounting aberrations, the local one cent share of statewide sales occurring April through June was 3.4% higher than the comparable quarter of 2014.

Receipts from the countywide use tax allocation pools accounted for the largest portion of the increase reflecting a continuing shift in consumer preferences from brick and mortar stores to online shopping for merchandise shipped from out of state.

Sales and leases of new cars continued to post impressive gains as did contractor supplies and restaurants. Overall gains were offset by a 17.1% decline in receipts from service stations and petroleum related industries.

The Remaining Fiscal Year

The state's unemployment rate continues to decline and real disposable income is expected to grow 2.5% to 3.0% in the second half of 2015. This improvement in incomes coupled with easy credit conditions should stimulate an increase in housing starts as well as capital investment in equipment, alternate energy and technology.

The auto industry is anticipating continuing strong sales until tapering to more sustainable levels in 2016-2017. Building and construction, the only retail segment yet to return to pre-recession levels, is gaining momentum in several regions and is expected to account for 10% of sales tax growth in the second half of the fiscal year.

Restaurant sales continue to rise although there are some concerns that the strong dollar may impact sales in areas that cater to tourists from abroad. Gains from consumer goods are expected to be modest with the strong dollar cutting prices of imported goods and an ongoing shift in consumer spending from tangible goods to services, entertainment and other non-taxable purchases.

Gasoline prices remain well below the previous year due to a worldwide glut

of oil. Barring unexpected supply or refinery disruptions, prices are expected to trend lower through the first half of 2015-16 but begin rebounding in the second half.

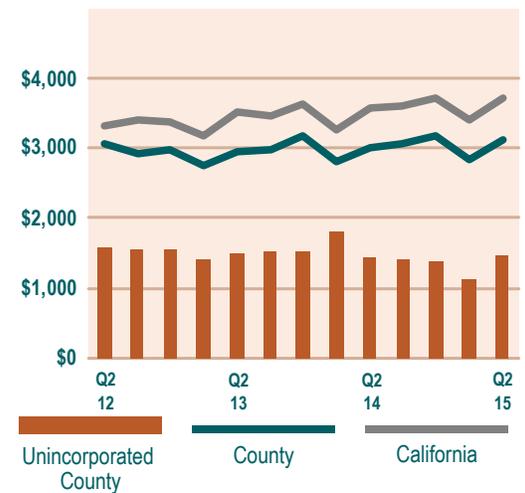
Internet Sales Tax Proposal

HR 2775 (The Remote Transaction Parity Act) is a new proposal by Representative Jason Chaffetz (R-Utah) authorizing states to require remote sellers without physical presence in their state to collect state and local sales tax from in-state buyers.

The bill currently has 52 sponsors and attempts to address objections to elements of the Marketplace Fairness Act that preceded it. The proposal provides for a three year phase in for small businesses, prohibits auditing remote sellers with annual sales under \$5 million, and requires states to provide software to enable remote sellers to collect and remit their tax.

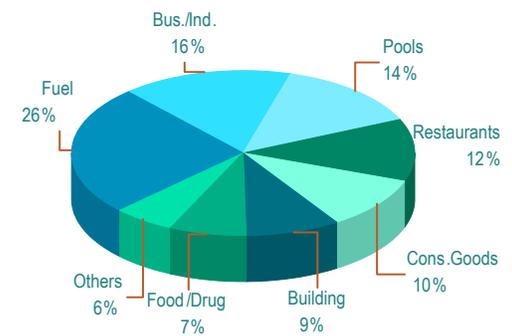
The Board of Equalization estimates that local governments in California currently lose approximately \$44 per capita in uncollected sales and use tax on e-commerce purchases.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Contra Costa County This Quarter



CONTRA COSTA COUNTY TOP 15 BUSINESS TYPE

Business Type	*In thousands of dollars			
	Unincorporated County Q2 '15*	Change	County Change	HdL State Change
Boats/Motorcycles	45.5	5.6%	16.9%	6.2%
Business Services	47.1	109.4%	117.9%	5.9%
Casual Dining	118.0	-11.0%	1.4%	6.0%
Contractors	176.7	51.3%	36.5%	14.3%
Discount Dept Stores	—	CONFIDENTIAL	-1.3%	-0.1%
Drug Stores	45.1	-4.2%	-3.1%	-8.0%
Garden/Agricultural Supplies	74.7	17.1%	3.8%	7.4%
Grocery Stores Beer/Wine	50.8	10.6%	-0.9%	2.1%
Grocery Stores Liquor	—	CONFIDENTIAL	3.7%	3.6%
Leisure/Entertainment	77.8	2.5%	3.1%	12.5%
Light Industrial/Printers	148.0	-25.3%	-7.8%	-0.6%
Petroleum Prod/Equipment	292.8	254.5%	3.4%	-23.2%
Quick-Service Restaurants	99.1	23.2%	8.8%	9.2%
Repair Shop/Equip. Rentals	88.8	6.8%	4.3%	23.7%
Service Stations	435.6	-12.5%	-12.7%	-11.7%
Total All Accounts	2,471.8	2.7%	5.3%	2.8%
County & State Pool Allocation	398.9	7.8%	10.6%	11.8%
Gross Receipts	2,870.7	3.4%	6.0%	3.8%
City/County Share	921.6	6.4%		
Net Receipts	3,792.3	4.1%		