

Q1 2015



Contra Costa County Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2015)

Contra Costa County In Brief

Receipts for the unincorporated area's January through March sales were 28.0% lower than the same quarter one year ago. Adjusted for anomalies, actual sales activity was down 11.3%.

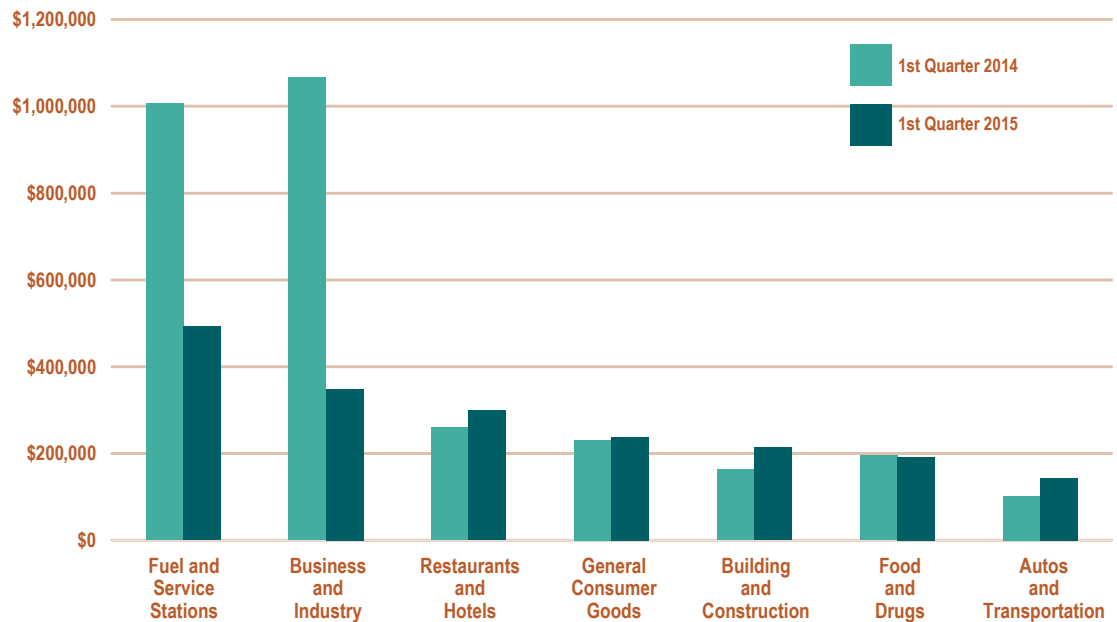
Multiple payment aberrations in the current and comparative quarters and the closeout of a business previously misallocated to the county caused a sharp decline in business and industry. Lower fuel prices, payment aberrations in the prior year, and the loss of revenue due to a recent annexation of county area caused a similarly large decrease in fuel and service stations receipts.

The unincorporated area's allocation from the countywide use tax pool decreased 33.6% during the quarter.

Higher receipts from contractors boosted lumber/building supplies, while new outlets contributed most of the gain in autos and transportation. All restaurant categories were up and outpaced statewide trends. Retail sales were also higher, aided by new outlets.

Adjusted for aberrations, taxable sales for all of Contra Costa County increased 5.8% over the comparable time period, while the Bay Area as a whole was up 4.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Alamo Shell	New York Times Sales
BDV Chevron	Pacific Coast Cement
Brickyard Building Materials	Phillips 66
C & H Sugar	Roofing Supply Group
County Asphalt	Safeway
Criterion Catalysts Technologies	Safeway Fuel
Dead Fish	Sams Club
Dow Jones & Company	Shell
General Plumbing Supply	Tower Mart
Kie Con	United Rentals
Los Panchos	Walgreens
McGuire Harley Davidson	Wesco Distribution
	Western Oilfields Supply

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$10,490,871	\$9,001,872
County Pool	1,584,468	1,435,156
State Pool	7,399	6,237
Gross Receipts	\$12,082,738	\$10,443,265
Cty/Cnty Share	3,360,325	3,527,935
Net Receipts	\$15,443,063	\$13,971,200
Less Triple Flip*	\$(3,860,766)	\$(3,492,800)

*Reimbursed from county compensation fund

California as a Whole

Local one cent tax receipts from sales occurring January through March rose 3.65% over 2014's comparable quarter after adjusting for reporting anomalies.

An exceptionally strong quarter for auto sales/leases and restaurants was the primary contributor to the overall increase. A rise in building-construction materials was also a factor although much of this growth came from specific office and sports facility projects in Northern California.

Gains from sales of general consumer goods were primarily in value priced clothing, home furnishings and specialty retail which includes pet supplies and cosmetics. Online shopping involving goods shipped from out of state continues to shift a major portion of the growth in general consumer goods to the countywide pools.

The statewide gains were largely offset by a 21% decline in receipts from fuel and service stations.

Tax on Services

The Board of Equalization has released an estimate that levying sales and use tax on services would raise over \$122.5 billion in state and local revenues or enough to lower the overall tax rate to under 4%.

Originally imposed in 1933 as a 2 1/2% tax with only three exemptions, the legislature has gradually exempted more and more goods from the sales tax while raising rates to compensate for the corresponding revenue loss. This and the state's shift from a manufacturing to service economy has created the nation's highest sales tax rate on the narrowest basket of goods.

Although more discussion is needed, there is interest in expanding the sales tax to services and lowering the rate to make the tax less regressive and

more competitive while providing greater flexibility in the development of local tax bases.

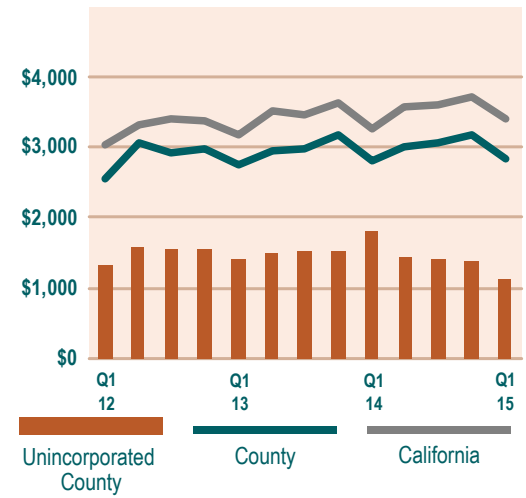
Tax on Jet Fuel

The Federal Aviation Administration has ruled that sales taxes on jet fuel must only be used for airport and aviation programs. The rule applies to taxes levied after 1987 but is unclear as to transactions tax districts, Proposition 172 revenues, or revenues collected by jurisdictions without airports. Clarification will not be available until FAA review and approval of a plan that has to be submitted by the state Department of Finance by December 8, 2015.

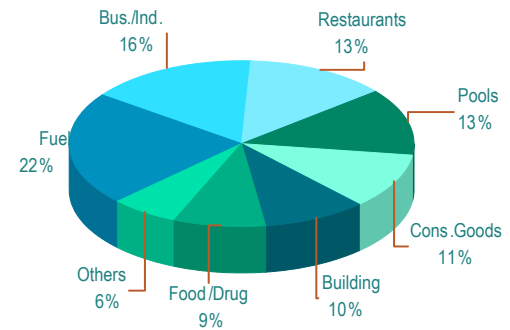
Tax on Marijuana

A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE findings are expected by November 2015.

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 Q1 '15*	County Change	County Change	HdL State Change
Auto Repair Shops	35.7	4.3%	4.5%	7.0%
Business Services	40.0	158.5%	158.7%	26.0%
Casual Dining	113.1	11.2%	6.0%	5.6%
Contractors	161.5	85.8%	19.3%	15.2%
Discount Dept Stores	—	CONFIDENTIAL	4.9%	4.2%
Drug Stores	42.9	7.2%	9.6%	10.7%
Food Service Equip./Supplies	—	CONFIDENTIAL	32.9%	8.7%
Garden/Agricultural Supplies	51.2	30.7%	25.2%	17.0%
Grocery Stores Liquor	—	CONFIDENTIAL	4.4%	5.0%
Leisure/Entertainment	53.0	16.9%	4.4%	10.8%
Light Industrial/Printers	219.2	7.4%	-25.7%	5.3%
Petroleum Prod/Equipment	125.5	-61.3%	-21.8%	-18.0%
Quick-Service Restaurants	86.4	11.7%	5.3%	10.5%
Repair Shop/Equip. Rentals	82.1	6.9%	4.7%	1.2%
Service Stations	350.9	-48.1%	-26.2%	-21.9%
Total All Accounts	\$1,926.7	-36.3%	2.7%	3.6%
County & State Pool Allocation	\$289.6	-34.1%	6.3%	1.1%
Gross Receipts	\$2,216.3	-36.0%	3.2%	3.3%
City/County Share	836.4	7.5%		
Net Receipts	\$3,052.7	-28.0%		