

Q3 2015



Contra Costa County Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2015)

Contra Costa County In Brief

The unincorporated area's receipts from July through September were 8.1% above the third sales period in 2014.

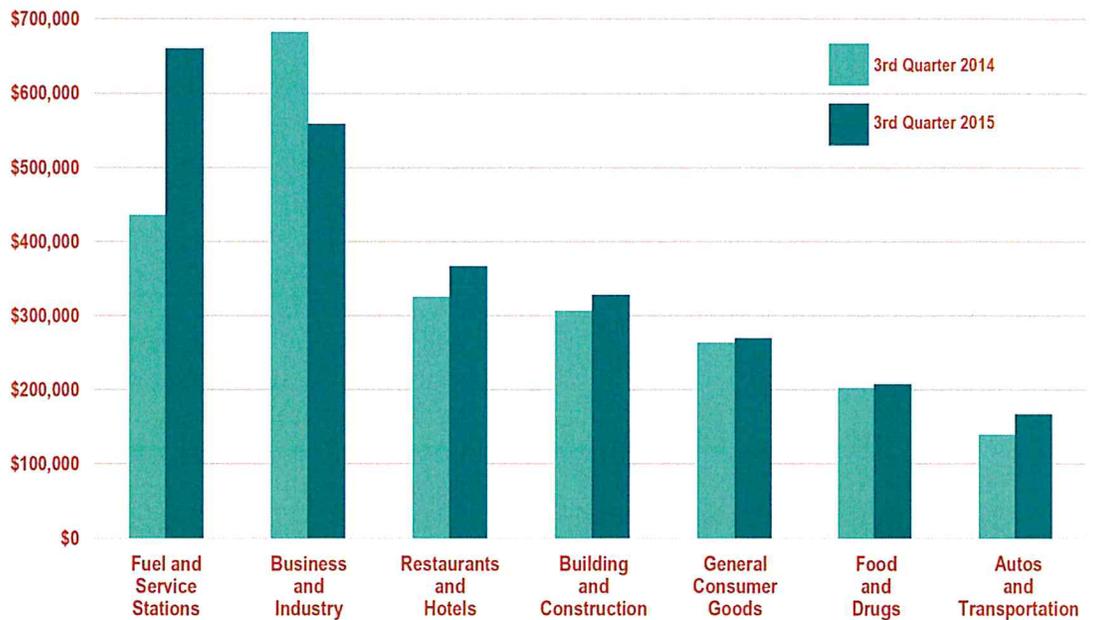
Payment deviations overstated results from fuel and service stations. A new addition helped boost sales in used auto dealers. The unincorporated area experienced a strong quarter for restaurants and hotels.

Accounting adjustments that inflated year-ago receipts exaggerated the drop in light industrial and printers. The unincorporated area experienced a decline in sales for repair shops and equipment rentals.

The unincorporated area's share of the countywide use tax pool increased 18.3% over the comparison period.

Net of aberrations, taxable sales for all of Contra Costa County grew 3.8% over the comparable time period; the Bay Area was up 3.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS IN ALPHABETICAL ORDER

Alamo Hardware	El Sobrante Arco
Alamo Shell	General Plumbing Supply
BDV Chevron	McGuire Harley Davidson
Blackhawk Country Club	New York Times Sales
Brickyard Building Materials	Phillips 66 Company
C & H Sugar	Roofing Supply Group
Central Concrete Supply	Safeway
Chevron	Safeway Fuel
County Asphalt	Sams Club
Cresco Equipment Rentals	Shell
Criterion Catalysts Technologies	Tower Mart
Dead Fish	Walgreens
	Wesco

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$4,760,871	\$5,028,260
County Pool	728,914	823,721
State Pool	3,546	2,632
Gross Receipts	\$5,493,330	\$5,854,614
Cty/Cnty Share	1,749,957	1,830,749
Net Receipts	\$7,243,288	\$7,685,363
Less Triple Flip*	\$(1,810,822)	\$(1,921,341)

*Reimbursed from county compensation fund

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter were up 2.4% over last year's comparable quarter after adjusting for payment aberrations.

New and used auto sales and leases continued to exhibit solid gains and were the primary contributor to the quarter's statewide growth. The countywide allocation pools were the second largest contributors to the overall gain, boosted by increased online sales activity. The state's travel and tourism industry contributed to a robust increase in receipts from restaurants and hotels. Recovering building and construction activity was also significant with an 8.6% increase over the comparison period.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the fourth consecutive quarter.

Overall performance was similar throughout most regions of the state, however the effect of lower fuel prices significantly dampened results in portions of the San Joaquin Valley.

Online Retail Sales Continue to Outpace Brick & Mortar Stores

Fourth quarter tax results will not be available until March but preliminary reports indicate holiday purchases from some brick and mortar stores are flat or down from 2014, while the volume of online shopping has set new records.

Although stores are not in danger of disappearing, the trend has many retail chains considering long-term plans for smaller "showroom" units with less square footage, employees, and in-store inventory.

HdL's statewide sales tax database for the first three quarters of 2015 shows that online orders for general consumer goods rose 17.6% over the first three quarters of 2014, while the overall sales gains at brick and mortar stores grew a modest 2.2%.

New Restrictions on Tax Sharing Agreements

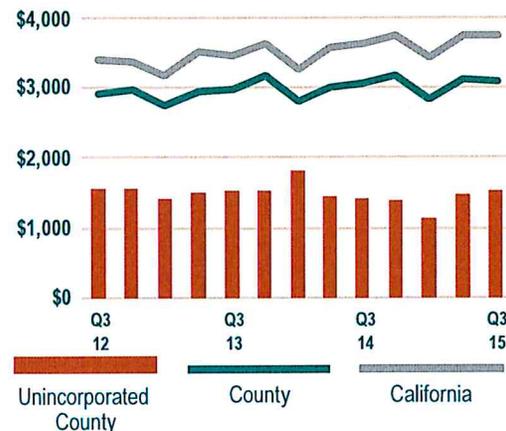
Tax rebates are subject to additional restrictions and reporting requirements in 2016.

Newly adopted Government Code Section 53084.5 prohibits tax sharing agreements that reduce another agency's sales tax if the business generating the tax continues to maintain a physical presence in the losing agency's jurisdiction.

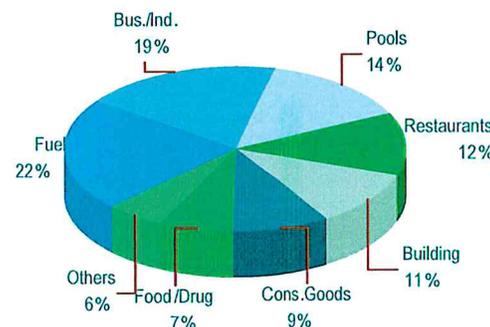
The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial statements with periods beginning after December 15, 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Contra Costa County This Quarter



CONTRA COSTA COUNTY TOP 15 BUSINESS TYPE

*In thousands of dollars

Business Type	Unincorporated County		County	HdL State
	Q3 '15*	Change	Change	Change
Boats/Motorcycles	42.8	9.8%	2.0%	11.7%
Casual Dining	131.8	18.3%	6.7%	5.1%
Contractors	203.7	-1.5%	12.0%	13.0%
Discount Dept Stores	— CONFIDENTIAL —	—	0.6%	2.1%
Electrical Equipment	81.8	13.1%	13.8%	-0.8%
Garden/Agricultural Supplies	73.3	12.5%	11.4%	2.6%
Grocery Stores Beer/Wine	43.8	-1.3%	0.9%	1.8%
Grocery Stores Liquor	— CONFIDENTIAL —	—	2.2%	3.8%
Hardware Stores	— CONFIDENTIAL —	—	4.0%	6.8%
Leisure/Entertainment	81.6	6.6%	-5.6%	21.1%
Light Industrial/Printers	148.5	-26.0%	-9.1%	1.7%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	24.3%	-28.1%
Quick-Service Restaurants	91.1	10.1%	7.2%	6.8%
Repair Shop/Equip. Rentals	81.3	-19.8%	-17.4%	3.8%
Service Stations	424.4	-12.8%	-17.8%	-11.8%
Total All Accounts	2,556.5	8.6%	2.5%	2.3%
County & State Pool Allocation	427.5	17.9%	11.3%	3.5%
Gross Receipts	2,983.9	9.8%	3.7%	2.4%
City/County Share	909.2	2.9%		
Net Receipts	3,893.1	8.1%		