

Q4 2010



Contra Costa County Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2010)

Contra Costa County In Brief

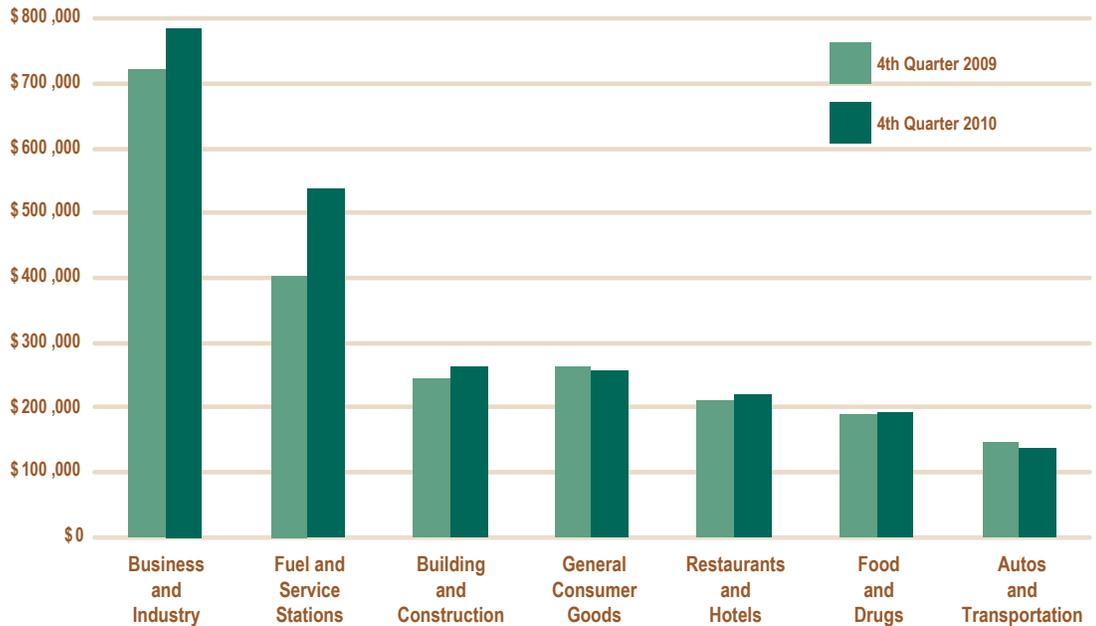
Fourth quarter receipts from retailers in the county's unincorporated area were 9.5% higher than the same period one year ago but reporting aberrations skewed the data. With onetime anomalies excluded, actual sales fell 6.3%.

The disparity in the cash received versus actual sales was mainly due to payment aberrations that boosted light industrial/printers and garden & agricultural supplies comparisons. Other business categories including repair shop/hand tool rentals, electrical equipment and specialty stores declined in real terms.

Service stations, petroleum products/equipment, contractors, garden/ag supplies and restaurants with no alcohol groups showed increases. Retroactive payment adjustments moderately inflated gains for all these business types. The county's allocation from the county-wide use tax pool was up 28.2% and added an additional \$78,860 to overall receipts.

Net of accounting adjustments, all of Contra Costa County including the cities in the county was up 3.6%; statewide sales grew 7.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

| | |
|----------------------------------|-------------------------|
| Alliance Minimart | New York Times Sales |
| Bay Counties | Pallet Companies |
| Pitcock Petroleum | Patterson Dental Supply |
| Blackhawk Country Club | Rental Service |
| Central Concrete Supply | Rotten Robbie |
| Chevron | Safeway |
| Concord Feed & Fuel | Safeway Gasoline Sales |
| County Asphalt | Sams Club |
| Criterion Catalysts Technologies | Sportmart |
| Gavs Auto Care | Tesoro West Coast |
| Hertz Equipment Rental | Tesoro West Coast |
| John Zink Company | Tower Mart |
| Kie Con | Wesco Distribution |

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

| | 2009-10 | 2010-11 |
|--------------------------|---------------------|--------------------|
| Point-of-Sale | \$7,105,132 | \$6,456,069 |
| County Pool | 891,455 | 951,292 |
| State Pool | 7,000 | 3,296 |
| Gross Receipts | \$8,003,587 | \$7,410,657 |
| Cty/Cnty Share | 2,081,771 | 2,136,953 |
| Net Receipts | \$10,085,357 | \$9,547,611 |
| Less Triple Flip* | \$(2,521,339) | \$(2,386,903) |

*Reimbursed from county compensation fund

Statewide Sales Increase!

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter of 2010 were 7.3% higher than the same quarter one year ago. This represents the fourth straight quarter of growth and the largest percentage increase since the third quarter of 2005.

Higher fuel prices and usage, robust sales of new autos and rebounds in restaurants and general consumer goods helped boost overall receipts. Capital purchases of business equipment and labor-saving technology were especially strong in the Bay Area and Southern California. A onetime use tax payment for alternative energy equipment added to San Joaquin Valley's pooled use tax totals. Excluding accounting aberrations the state's strongest regions were the San Joaquin Valley +12.5%, the Bay Area +7.7% and the Central Coast +7.1%.

Some Problems Remain

Although recent better than expected improvements in the state's labor markets suggest the rebound is gaining momentum, most economists believe the unemployment rate will remain in double-digits through 2012.

The large volume of unsold residential, commercial and office properties will continue to suppress new construction spending and be a drag on the economy through 2012-13. Soaring oil prices and budget cutbacks by state and local governments will have a short-term negative impact on economic growth.

Post tsunami problems in Japan are likely to cause supply shortages of autos, auto parts and various electronic components. However, the depth and duration of the impact remains unclear at this time.

Green Energy Exemptions

SB 71, which was pushed through the Legislature as one of last year's budget deals, authorizes the previously ob-

scure California Alternative Energy & Advanced Transportation Financing Authority (CAEATFA) to grant sales and use tax exemptions of state and local sales, use and transactions taxes for "green manufacturing" projects. There is no cap on the value of exemptions CAEATFA may approve but the Legislature must be notified if they exceed \$100 million annually.

Through March, CAEATFA has approved 28 projects exempting almost \$961 million in qualified property that would have generated about \$87.5 million statewide using an average tax rate of 9.1%. Local government losses are expected to exceed \$19 million.

Although approved projects are located in various areas of the state, Santa Clara and Alameda Counties have been the most impacted thus far.

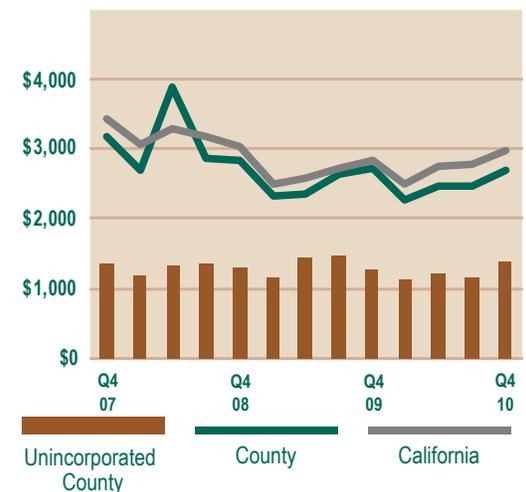
Renewable Energy Exemptions

In late February the CAEATFA Board of Directors postponed expansion of the exemption program with a proposed \$50 million sales and use tax exemption program for renewable

energy generation projects until early 2012 pending a better understanding of the state's fiscal condition. Industry lobbyists are pushing for a much larger program than CAEATFA originally planned.

Local governments will not be notified of applications that could affect their revenues. However, agenda notices can be obtained by visiting <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

SALES PER CAPITA



CONTRA COSTA COUNTY TOP 15 BUSINESS TYPE

| Business Type | Unincorporated County | | County | HdL State |
|-------------------------------------------|-----------------------|--------------|-------------|-------------|
| | Q4 '10* | Change | Change | Change |
| Clubs/Amusement Places | 46.2 | -4.3% | -6.9% | -4.0% |
| Contractors | 197.1 | 17.7% | -21.0% | -2.1% |
| Discount Dept Stores | — CONFIDENTIAL — | | 0.3% | 2.2% |
| Electrical Equipment | 50.5 | -88.5% | -60.7% | 20.9% |
| Garden/Agricultural Supplies | 56.2 | 198.3% | 4.9% | 1.1% |
| Grocery Stores Liquor | 96.4 | -1.9% | 1.4% | 4.7% |
| Light Industrial/Printers | 456.1 | na | 18.2% | -3.7% |
| Medical/Biotech | 60.1 | -7.7% | 1.9% | 2.8% |
| Petroleum Prod/Equipment | 149.0 | 80.6% | 11.7% | 18.1% |
| Repair Shop/Hand Tool Rentals | 56.9 | -22.6% | -11.0% | 7.3% |
| Restaurants Liquor | 65.5 | 0.8% | 6.2% | 7.8% |
| Restaurants No Alcohol | 69.8 | 8.6% | 6.1% | 5.5% |
| Service Stations | 377.1 | 22.5% | 8.4% | 13.1% |
| Specialty Stores | 46.6 | -26.2% | -1.1% | 7.5% |
| Transportation/Rentals | 51.7 | -23.2% | 20.5% | 21.8% |
| Total All Accounts | \$2,392.6 | 10.0% | 0.2% | 5.8% |
| County & State Pool Allocation | 358.9 | 27.4% | | |
| Gross Receipts | \$2,751.5 | 12.0% | | |
| City/County Share | 752.7 | 1.1% | | |
| Net Receipts | \$3,504.1 | 9.5% | | |

*In thousands