

# Q3 2019



# Contra Costa County Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2019)

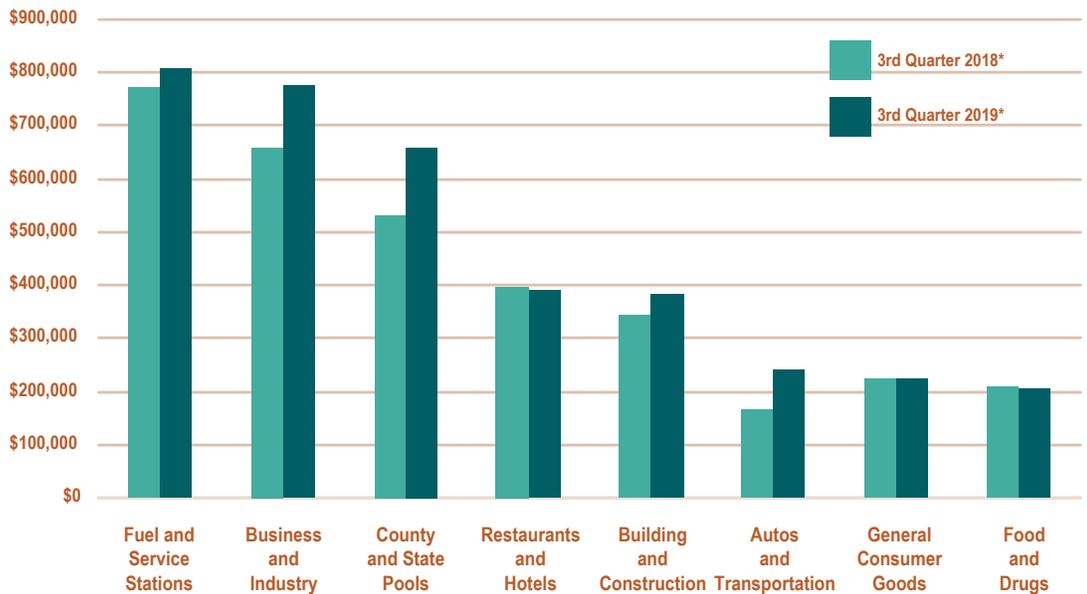
## Contra Costa County In Brief

The allocation of sales and use tax from the unincorporated area's July through September sales was 0.2% higher than the third quarter of 2018. However, last year's comparable quarter was temporarily inflated by late back payments related to the State's transition to the new reporting system. Receipts were up 12.0% when these and other reporting aberrations are factored out.

A solid quarter for most categories of building-construction supplies and onetime purchases within the business-industrial and fuel-service station groups were the major contributors to the overall increase. Additional factors included the previous addition of an auto related retailer and an acceleration in online shopping habits which is shifting receipts from brick and mortar stores to the countywide use tax allocation pool.

Adjusted for aberrations, sales and use tax revenues for all of Contra Costa County including its cities, rose 1.4% over the comparable time period while the nine county bay area as a whole, was down 0.5%.

## SALES TAX BY MAJOR BUSINESS GROUP



\*Allocation aberrations have been adjusted to reflect sales activity

### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Alamo Shell	Enterprise Car Sales
Arco	General Plumbing Supply
BDV Chevron	Haldor Topsoe
Beacon Roofing Supply	New York Times Sales
Blackhawk Country Club	Phillips 66 Company
Brickyard Building Materials	Right Away Ready Mix
Canadian Solar	S & S Tool & Supply
Central Concrete Supply	Safeway
Colonial Energy	Safeway Fuel
County Asphalt	Sams Club
Criterion Catalysts Technologies	Tesoro Refining & Marketing
Dead Fish	United Rentals
	Wesco Distribution

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date (Q3)

	2018-19	2019-20
Point-of-Sale	\$3,280,279	\$3,209,295
County Pool	614,563	724,511
State Pool	1,760	1,346
<b>Gross Receipts</b>	<b>\$3,896,602</b>	<b>\$3,935,153</b>
Cty/Cnty Share	1,115,010	1,086,069
<b>Net Receipts</b>	<b>\$5,011,612</b>	<b>\$5,021,222</b>

## Statewide Results

The local one-cent share of statewide sales and use tax from sales occurring July through September was 2.2% higher than the summer quarter of 2018 after adjusting for accounting anomalies.

The bulk of the increase came from the countywide use tax allocation pools and is due to the acceleration in online shopping where a large volume of the orders are shipped from out-of-state.

Online shopping also produced gains in the business-industrial group with in-state industrial zoned logistics centers filling orders previously taken by brick and mortar retailers. Purchases to support healthcare, food processing, logistics/warehouse operations and information/data technology also helped offset declines in other business-related categories.

With the exception of some discount and value-oriented retail, most categories of general consumer goods were down. New cannabis related start-ups offset declines in the food and drug group while a softening in building-construction receipts was consistent with recent declines in the volume and value of new building permit issuances.

Overall growth in restaurant receipts continued to soften with a shift toward lower cost dining establishments and takeout meal options. Reports of labor shortages and the impact of homelessness on customer traffic in metropolitan areas were reportedly factors in the decline in tax revenues from higher price, fine dining establishments.

Despite a slight uptick in used auto and auto lease receipts, the auto related group was significantly down due to a drop in new car and RV sales. Previously propped up by a 23% subprime rated customer base and six- and seven-year financing, loan delinquencies have recently surged back to levels last seen in 2009.

## Additional Tax Districts Approved

Voters approved eight of the nine sales

tax measures on the November 2019 ballot adding six new districts and extending two others.

This brings the total number of local transactions and use tax districts (TUT's) to 325 with 62 that are levied countywide and 263 imposed by individual cities. The number of local districts have close to tripled over the last decade as agencies deal with rising costs and service needs. TUT's have been a favorable option as visitors contribute to the tax and a collection system is already in place that minimizes administrative and monitoring costs.

California's basic rule is that the rate for all local TUT's combined, shall not exceed 2.0% or a total of 9.25% including the state levy. However, the state legislature has authorized higher caps in some jurisdictions with the highest voter-approved, combined state/local rate now at 10.5%.

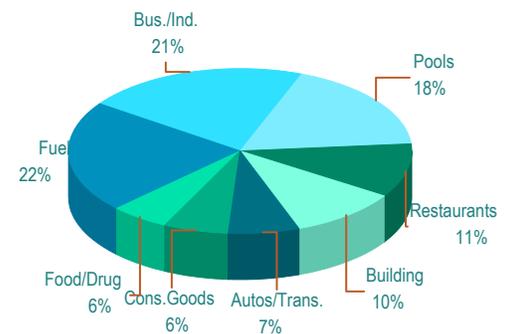
Thirty-five or more additional local TUT measures are currently being considered for the March 2020 ballot.

## SALES PER CAPITA\*



\*Allocation aberrations have been adjusted to reflect sales activity

## REVENUE BY BUSINESS GROUP Contra Costa Co. Uninc This Quarter\*



\*Allocation aberrations have been adjusted to reflect sales activity

## CONTRA COSTA COUNTY TOP 15 BUSINESS TYPE

Business Type	*In thousands of dollars			
	Unincorporated County Q3 '19*	County Change	County Change	HdL State Change
Building Materials	79.5	4.6%	-2.3%	0.2%
Casual Dining	160.0	2.4%	4.6%	2.3%
Contractors	237.6	16.0%	7.8%	2.5%
Convenience Stores/Liquor	64.4	-1.2%	3.5%	1.0%
Discount Dept Stores	— CONFIDENTIAL —	—	-1.3%	2.8%
Drugs/Chemicals	— CONFIDENTIAL —	—	45.0%	4.0%
Garden/Agricultural Supplies	83.0	2.6%	10.4%	4.5%
Grocery Stores	96.2	1.7%	3.5%	1.7%
Leisure/Entertainment	88.8	-3.2%	1.9%	7.4%
Light Industrial/Printers	144.2	0.6%	-10.8%	2.2%
Petroleum Prod/Equipment	284.7	15.2%	-27.3%	-3.4%
Quick-Service Restaurants	101.4	1.1%	2.6%	2.6%
Repair Shop/Equip. Rentals	114.9	9.5%	3.7%	2.0%
Service Stations	517.1	0.2%	-3.4%	-1.5%
Transportation/Rentals	— CONFIDENTIAL —	—	1.2%	2.1%
<b>Total All Accounts</b>	<b>3,040.8</b>	<b>9.7%</b>	<b>-0.7%</b>	<b>0.2%</b>
<b>County &amp; State Pool Allocation</b>	<b>659.8</b>	<b>24.0%</b>	<b>12.8%</b>	<b>14.9%</b>
<b>Gross Receipts</b>	<b>3,700.5</b>	<b>12.0%</b>	<b>1.4%</b>	<b>2.3%</b>

\*\* Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.