

# Q2 2019



# Contra Costa County Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2019)

## Contra Costa County In Brief

The unincorporated area's receipts from April through June were 31.3% above the second sales period in 2018. However, this comparison is inflated due to CDTFA's transition to a new reporting system in the prior year which temporarily delayed distributions to the City.

Excluding reporting aberrations, actual sales were up 7.4%.

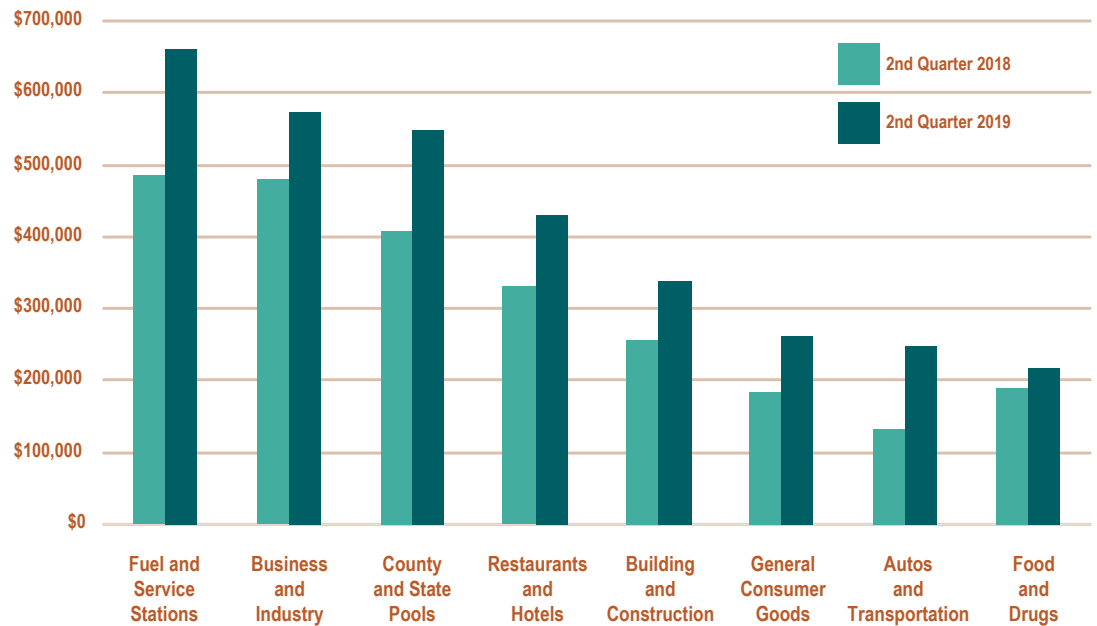
Negative adjustments in the comparison quarter further inflated the fuel and service station group which posted gains of 7.3% after accounting for anomalies as a result of higher gas prices at the pump. Contractor results were also inflated by missing payments in the comparison quarter but otherwise posted strong gains of 16.7% due to onetime sales and large projects.

Business and industry saw declines due a business closure. Slowing in repeat diners in the casual dining category resulted in 3.1% decline, after accounting for the reporting irregularities.

A large onetime payment and reporting irregularities inflated results in the Contra Costa countywide pool, which otherwise posted strong sales resulting in the unincorporated areas's pool allocation increasing by \$140,267.

Net of aberrations, taxable receipts for all of Contra Costa County grew 1.5% over the comparable time period; the Bay Area was up 1.9%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Alamo Hardware	General Plumbing Supply
Alamo Shell	McGuire Harley Davidson
BDV Chevron	Mid Valley Agricultural
Blackhawk Country Club	New York Times Sales
Brickyard Building Materials	Phillips 66 Company
Colonial Energy	S & S Tool & Supply
Compass Equipment	Safeway
County Asphalt	Safeway Fuel
Criterion Catalysts Technologies	Sams Club
Dead Fish	Tesoro Refining & Marketing
El Sobrante Shell	United Rentals
Enterprise Car Sales	Wesco Distribution
European Wine Resource	

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date (Q3 to Q2)

	2017-18	2018-19
Point-of-Sale	\$9,240,842	\$11,424,052
County Pool	1,666,879	2,186,646
State Pool	5,541	5,936
<b>Gross Receipts</b>	<b>\$10,913,263</b>	<b>\$13,616,634</b>
Cty/Cnty Share	3,744,092	4,185,869
<b>Net Receipts</b>	<b>\$14,657,355</b>	<b>\$17,802,503</b>

**California Overall**

The local one percent share of California's sales and use tax from April through June sales was 20.4% higher than the same quarter of 2018. However, the actual gain came to 2.9% after factoring for online filing issues and accounting anomalies. Fiscal year 2018-19 ended with an increase of 3.6% over the previous year after similarly adjusting for reporting aberrations.

The quarter exhibited continuation of a recent softening for most taxable categories. Rising used car sales and rentals helped offset what was otherwise, a generally flat quarter for the auto-transportation group. An acceleration in online shopping boosted receipts from county wide pools while gains for brick and mortar stores were limited to value priced apparel, discount department stores and jewelry.

Restaurant patronage appears to be leveling with a shift toward lower cost dining options that produced relatively modest gains for the group when compared to previous quarters. New cannabis operations resulted in a small rise in food and drug receipts.

A 2.5% gain in business-industrial sales and use tax revenues came primarily from online fulfillment centers, logistics and utility company purchases and ongoing investment in automation and information technology. A similar rise in receipts from the building-construction group was due to a variety of infrastructure and onetime special projects that offset declines in material purchases for new home construction.

**Marketplace Facilitator Act**

Effective Oct. 1, 2019, companies such as Amazon, eBay and Google who provide sales tax related services to other retailers are required to assume the obligation for collecting and remitting their client's sales and use tax. The definition of sales-related services includes payment processing, inventory and shipping of merchandise, order taking, providing customer service, or assisting with re-

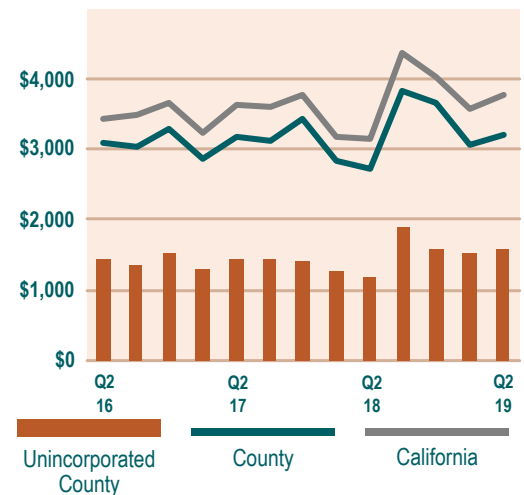
turns and exchanges.

The Marketplace provision was part of AB 147 which was adopted to implement California's approach to the U.S. Supreme Court decision in South Dakota v. Wayfair Inc.

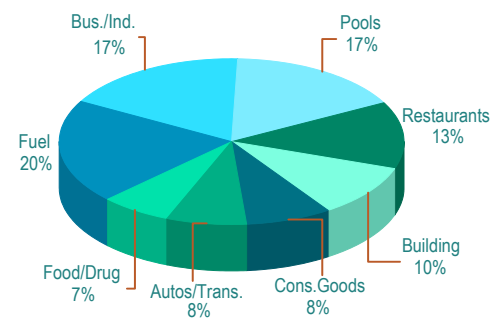
AB 147 requires out-of-state retailers with annual combined sales of \$500,000 or more to now collect and remit this state's sales and use tax from its customers. Applying the \$500,000 threshold to the sum total of all the third-party transactions that facilitators process for their clients, is hoped to produce moderate gains in previously uncollected revenues for the state, cities, counties and local transaction tax districts.

Facilitator tax remittances from merchandise inventoried in California will be allocated to specific jurisdictions while receipts from deliveries outside of the state will be distributed via the pools. Some facilitators have begun to collect and remit taxes ahead of this deadline. This is evidenced by new pool allocations and increases in direct allocations to certain jurisdictions.

**SALES PER CAPITA**



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



**CONTRA COSTA COUNTY TOP 15 BUSINESS TYPES**

*In thousands of dollars Business Type	Unincorporated County		County	HdL State
	Q2 '19*	Change	Change	Change
Building Materials	83.5	28.3%	40.4%	34.1%
Casual Dining	171.8	18.3%	26.4%	24.5%
Contractors	188.4	49.8%	30.7%	26.8%
Convenience Stores/Liquor	69.1	39.1%	19.7%	14.9%
Discount Dept Stores	— CONFIDENTIAL —		17.3%	26.3%
Garden/Agricultural Supplies	90.6	93.9%	21.0%	22.0%
Grocery Stores	98.7	5.0%	15.5%	9.6%
Leisure/Entertainment	94.0	9.0%	22.2%	16.5%
Light Industrial/Printers	145.8	58.6%	55.6%	51.4%
Petroleum Prod/Equipment	154.2	77.8%	72.3%	15.5%
Plumbing/Electrical Supplies	60.1	1.3%	53.5%	28.9%
Quick-Service Restaurants	113.4	37.3%	15.3%	15.9%
Repair Shop/Equip. Rentals	81.3	-2.4%	10.5%	29.4%
Service Stations	499.8	28.5%	54.5%	51.4%
Transportation/Rentals	— CONFIDENTIAL —		5.4%	-9.1%
<b>Total All Accounts</b>	<b>2,763.6</b>	<b>33.4%</b>	<b>18.5%</b>	<b>20.1%</b>
<b>County &amp; State Pool Allocation</b>	<b>549.4</b>	<b>34.3%</b>	<b>19.3%</b>	<b>22.4%</b>
<b>Gross Receipts</b>	<b>3,313.1</b>	<b>33.5%</b>	<b>18.7%</b>	<b>20.4%</b>
City/County Share	1,022.5	24.4%		
<b>Net Receipts</b>	<b>4,335.5</b>	<b>31.3%</b>		