

Q3  
2011



# Contra Costa County Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2011)

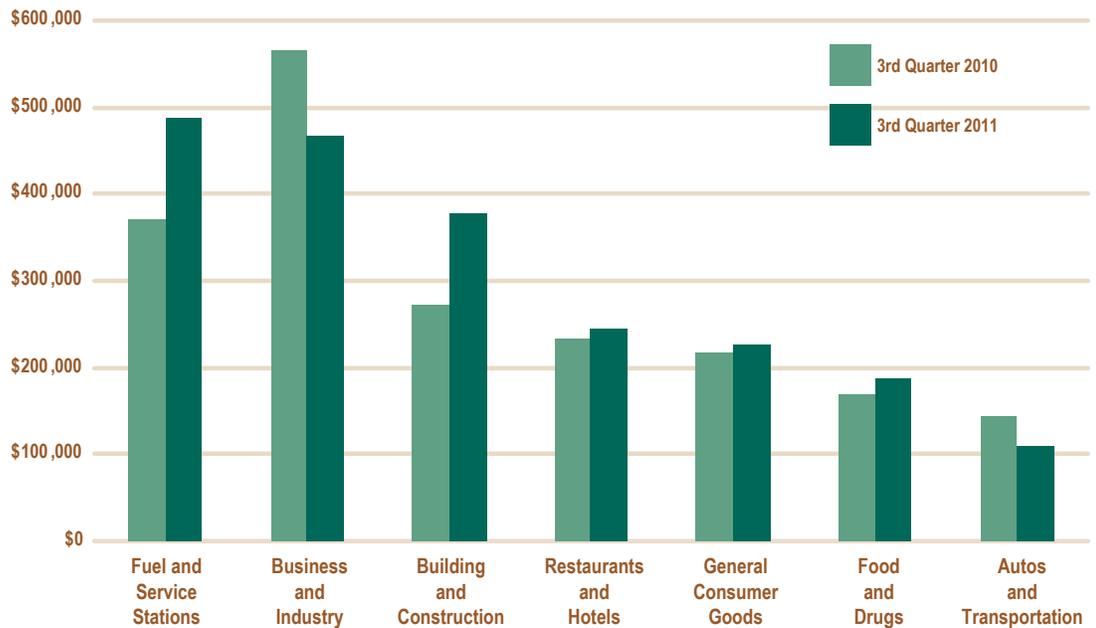
## Contra Costa County In Brief

The allocation of tax revenues for the unincorporated area sales occurring July through September were 6.4% higher than the same quarter one year ago.

Higher fuel prices, a new bulk fuel operator and onetime purchases of contractor supplies were primarily responsible for the increase. The gains were offset by the completion of a couple of major reconstruction projects that had temporarily inflated last year's receipts from the business-industrial and auto-transportation groups.

Adjusted for aberrations, taxable sales for all of Contra Costa County including its cities, increased 7.2% over the comparable time period while the nine-county bay region as a whole was up 8.3%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

5 Star	Kiewit Industrial
Alamo Hardware	New York Times Sales
Alamo Shell	
Alliance Minimart	Patterson Dental Supply
Blackhawk Country Club	Rental Service
Central Concrete Supply	Roofing Supply Group
Chevron	Rotten Robbie
Concord Feed & Fuel	Safeway
County Asphalt	Safeway Gas
Hertz Equipment Rental	Sams Club
Hunt & Sons	Sportmart
John Deere Landscapes	Tesoro West Coast
	Tower Mart
	Wesco Distribution

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2010-11	2011-12
<b>Point-of-Sale</b>	\$4,063,474	\$4,744,614
<b>County Pool</b>	592,771	629,440
<b>State Pool</b>	2,959	239
<b>Gross Receipts</b>	\$4,659,204	\$5,374,292
<b>Cty/Cnty Share</b>	1,384,293	1,466,939
<b>Net Receipts</b>	<b>\$6,043,497</b>	<b>\$6,841,231</b>
<b>Less Triple Flip*</b>	\$(1,510,874)	\$(1,710,308)

\*Reimbursed from county compensation fund

## California Overall

Adjusted for accounting aberrations, statewide local sales and use tax revenues for July through September transactions increased 8.6% over last year's comparison quarter. This is the seventh consecutive quarterly gain since the beginning of the recovery.

All categories were up with receipts from higher fuel prices accounting for much of the statewide increase. Sales of new autos, consumer goods and quick and full service restaurants also exhibited solid growth.

## The Foggy Crystal Ball

Although 2011-12 is shaping up to be a period of strong sales tax recovery, most analysts believe that the pace of growth will slow in 2012-13 with the only disagreement being over the degree of slowdown.

Additional state budget cuts, continued high unemployment, further declines in home values and unstable fuel prices are part of the uncertainty. The financial turmoil in Europe is also of concern.

Manufacturers, growers, distributors, transporters and other companies involved in export trade make up 25% of the state's gross product. The European crisis has the potential of slowing the demand for both U.S. and Asian goods which would also pare the growth of California's Asian markets. Comparative strengthening of the U.S. dollar would also make exports more expensive.

Analysts worry about the resulting impact on Silicon Valley's technology industries, the Central Valley's agricultural exports and Southern California's transportation sector.

## Sales Tax and the Internet

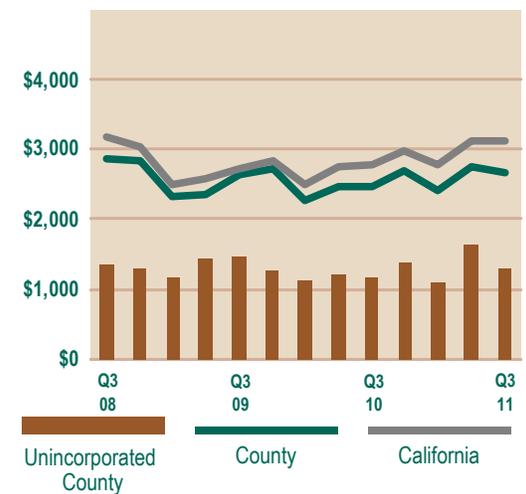
In 1992, the Supreme Court ruled that interstate commerce rules preclude states from requiring sellers without an in-state physical presence to collect local taxes. Since that time, attempts to interest Congress in correcting the problem have been unsuccessful.

With internet sellers becoming a major retail competitive force and more states adopting legislation expanding the definition of what constitutes "physical presence," the need for fairness and uniformity is softening opposition. This year, three competing bills were introduced in Congress that would allow the collection of local taxes. These are: S.1452, H.R. 3179 and S. 1832.

Given the general discord and paralysis in Congress, there is some question of whether any of these will pass. However, a compromise agreement between the State of California and Amazon has resulted

in legislation (AB 155) that requires in-state affiliates of remote sellers to begin collecting and remitting sales and use tax by September 15, 2012. Estimates on the amount of new revenues that will be generated have been difficult to develop but local agencies should not expect gains of more than \$1 per capita. More on the congressional legislation can be found in HdL's December issues paper.

## SALES PER CAPITA



## CONTRA COSTA COUNTY TOP 15 BUSINESS TYPE

Business Type	Unincorporated County		County	HdL State
	Q3 '11*	Change	Change	Change
Clubs/Amusement Places	52.2	13.5%	2.4%	9.0%
Contractors	308.2	43.2%	-9.8%	8.7%
Discount Dept Stores	— CONFIDENTIAL —		-1.0%	3.1%
Drug Stores	39.2	12.9%	2.8%	6.2%
Garden/Agricultural Supplies	59.4	-24.7%	0.0%	11.2%
Grocery Stores Beer/Wine	44.9	10.8%	6.3%	4.9%
Grocery Stores Liquor	80.2	0.8%	6.9%	10.7%
Light Industrial/Printers	137.5	-0.8%	11.9%	2.9%
Medical/Biotech	54.5	-17.3%	67.3%	49.7%
Petroleum Prod/Equipment	46.3	6.1%	-3.5%	46.2%
Repair Shop/Hand Tool Rentals	60.9	15.0%	14.7%	9.2%
Restaurants Liquor	73.9	-6.8%	6.0%	10.8%
Restaurants No Alcohol	77.3	13.7%	10.4%	7.1%
Service Stations	430.5	34.8%	22.2%	20.5%
Specialty Stores	42.6	4.5%	0.5%	7.9%
<b>Total All Accounts</b>	<b>\$2,100.9</b>	<b>6.3%</b>	<b>6.3%</b>	<b>9.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>323.8</b>	<b>7.3%</b>		
<b>Gross Receipts</b>	<b>\$2,424.7</b>	<b>6.4%</b>		
City/County Share	742.6	6.5%		
<b>Net Receipts</b>	<b>\$3,167.3</b>	<b>6.4%</b>		

\*In thousands