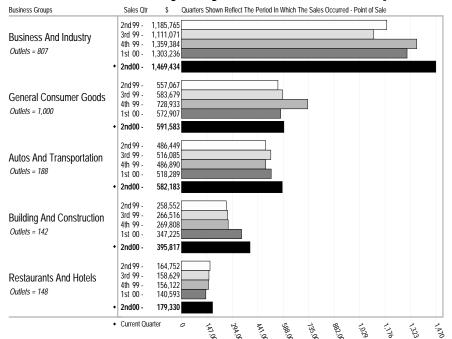


## LIVERMORE SALES TAX

Third Quarter Receipts for Second Quarter Sales (Apr. - June 2000)

Publication Date: October 2000 The HdL Companies (www.hdlcompanies.com)

#### Sales Tax By Major Business Group



# **Top 25 Producers**Listed Alphabetically

Alliant Amer Commetns Supply Codiroli Motor Costco Groth Brothers Oldsmobile Herning Underground Supplies Home Depot J. A. Momaney Services **KGP** Telecommunication Kaiser Pharmacy Livermore Honda Mensco Mervyns Mobile Modular Management Orchard Supply Hardware **Orco Construction Supply** Owens & Minor West Picker International **Precision Technologies** Safeway T C I Materials Management Target **Trinet Communications** Vermeer Wal Mart

#### This Quarter

Receipts from the April through June sales quarter grew 19.1% over the year-ago period.

Light industrial/printer, drugs/chemicals, discount department store, lumber/building materials, farm/construction equipment, and farm products/equipment outlets gained most. New outlet openings contributed to increases in the lumber/building materials and farm products/equipment sectors. Higher receipts from the county allocation pool added to overall gains.

Declines mainly affected service station, specialty store, health services, and office supplies/furniture categories. A one-time payment aberration and late payment hurt the office supplies sector. Business closeouts affected service station results.

The 9-county Bar Area gained 17.7% and the state was up 12.6% over the same period.

### **Economy Expected to Keep on Humming**

Local governments should expect a mild slowdown in the growth of sales tax from autos and consumer soft goods but a jump in revenues from "business-to-business" sales over the next few quarters if current economist predictions prove to be correct.

Although consumer confidence remains high, economists believe that the combination of higher fuel prices, higher mortgage and credit card payments and an increasingly capricious stock market will translate into more moderate spending patterns over the next few quarters. These expectations are being substantiated to some extent by preliminary Federal Reserve reports showing "flat to modestly higher" spending in late summer compared with the growth in spring and early summer spending that generated California's sales tax receipts for

this quarter.

On the other hand, with a strong dollar and relatively high labor costs, businesses are expected to continue to spend on new technology and equipment that can raise productivity, reduce costs and help them compete globally. Recent surveys indicate that California businesses are extremely bullish about future prospects, particularly in the export and government markets, and most are contemplating significant expansion. This optimism, plus access to cheap credit from foreign investors parking their money in the U.S., should translate into higher than normal sales tax revenue during the immediate future for the Silicon Valley and other regions where "business-to-business" sales make up a significant portion of the tax base.

Sales tax from construction and

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building materials is expected to be more regional specific. Concrete and materials associated with major public improvement and industrial projects as well as home construction supplies should be up in the Inland Empire, Central Valley and Sacramento regions. Lack of land and unaffordable home prices will translate into more moderate construction related spending in other parts of the state.

The current consensus forecast by the economists listed below is that California's retail sales for 2000 will exceed 1999 by 7.8%. Predictions for retail sales gains for 2001 over 2000 are as follows:

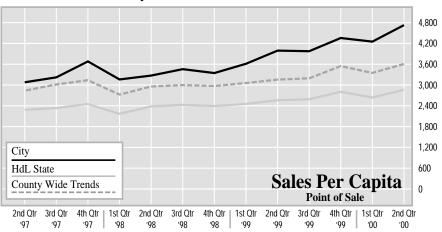
Chapman University 6.0%
L. A. County E.D.C. 6.0%
First Security Corp. 5.8%
Legislative Analyst UCLA 5.6%
Wells Fargo 5.0%
Consensus Forecast 5.5%

Source: Western Blue Chip Economist Forecast September 2000

#### E-Commerce Bills Nixed

AB2412 (Migden) which would have required internet retailers with affiliated "in-state" stores to collect sales tax was vetoed as possibly hurting the state's reputation as a dot-com incubator. Also vetoed was SB1949 (Costa) requiring participation with 26 other states to create a uniform tax and process. The Governor did sign SB1933 (Vasconcellos) forming a new commission to study the issue.

Fiscal Year To Date RevenueComparison									
	1999-00	2000-01							
Point-of-Sale	2,970,190	3,529,432							
County Pool	389,925	494,528							
State Pool	25,695	7,980							
Gross Receipts	3,385,809	4,031,941							



#### Top 20 Business Categories

Business Type	2nd Qtr '00		2nd	d Qtr '99	Percent	% Of Total		
	Outlets	s \$	Outlets	\$	Change	City	County	State
Light Industrial/Printers	166	415,151	164	280,049	48.2%	11.8%	8.6%	5.3%
Drugs/Chemicals	10	351,176	10	304,456	15.3%	9.9%	1.5%	1.0%
Discount Dept Stores	19	328,534	22	268,281	22.5%	9.3%	3.3%	4.8%
New Motor Vehicle Dealers	7	272,760	8	248,484	9.8%	7.7%	12.0%	11.8%
Lumber/Building Materials	12	193,616	12	51,146	278.6%	5.5%	3.6%	4.1%
Service Stations	27	166,108	27	192,541	-13.7%	4.7%	4.7%	6.1%
Farm/Construction Equip.	7	163,102	7	111,364	46.5%	4.6%	1.2%	0.6%
Contractors	107	128,492	107	119,246	7.8%	3.6%	3.5%	3.1%
Trailers And Supplies	5	125,518	4	87,169	44.0%	3.6%	0.4%	0.4%
Specialty Stores	372	88,418	391	123,482	-28.4%	2.5%	3.1%	3.2%
Fast Food	71	88,371	70	82,602	7.0%	2.5%	3.1%	4.3%
Farm Products/Equipment	21	87,249	19	42,200	106.8%	2.5%	1.1%	0.7%
Heavy Industrial	90	86,513	93	81,370	6.3%	2.5%	2.9%	1.7%
Electrical Equipment	90	86,261	92	88,968	-3.0%	2.4%	4.0%	2.4%
Grocery Stores Liquor	15	85,859	15	77,827	10.3%	2.4%	2.4%	3.0%
Health Services	24	68,107	25	93,770	-27.4%	1.9%	0.5%	0.3%
Repair Shops	102	66,684	100	54,708	21.9%	1.9%	2.0%	1.3%
Restaurants Beer And Wine	46	45,813	46	45,727	0.2%	1.3%	2.1%	2.3%
Office Supplies/Furniture	53	42,893	60	67,623	-36.6%	1.2%	4.1%	3.3%
Department Stores	4	41,809	5	39,956	4.6%	1.2%	3.3%	4.1%
Retail Stores	1,032	2,086,824	1,057	1,800,093	15.9%	59.1%	64.4%	71.5%
Non-Store/Part Time Retailers	307	5,775	334	4,487	28.7%	0.2%	0.5%	0.9%
Business, Service & Repairs	442	259,028	440	220,737	17.3%	7.3%	9.2%	9.0%
All Other Outlets (Industrial)	614	1,177,805	606	944,873	24.7%	33.4%	25.9%	18.6%
Total All Accounts	2,395	3,529,432	2,437	2,970,190	18.8%			
County & State Pool Allocation		502,509		415,620	20.9%			
Gross Receipts		4,031,941		3,385,809	19.1%			