

## LIVERMORE

# City of Livermore Sales Tax *Update*

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

# Livermore In Brief

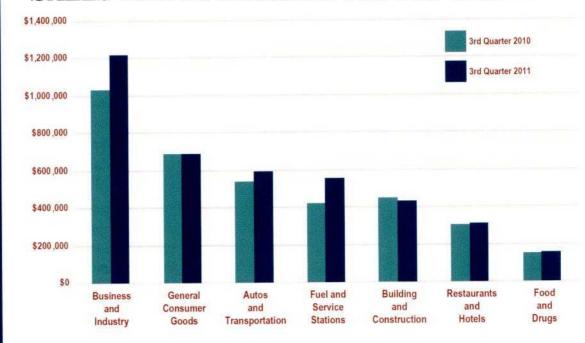
Livermore's allocation of local tax revenues from its July through September sales was temporarily inflated by a series of retroactive accounting adjustments and state reporting errors. Actual sales activity was up 11.5% over the same quarter one year ago after these and other aberrations were factored out.

Higher fuel prices and a solid quarter for new car sales, building materials, industrial equipment and medical supplies all contributed to the real increase. The jump in the city's share of the countywide use tax allocation pool was due to the previously mentioned accounting adjustments and anomalies that temporarily inflated Livermore's ratio of countywide sales.

The gains were partially offset by a soft quarter for sales of general consumer goods and a combination of late payments and closeouts in the contractor supply classification.

Adjusted for aberrations, taxable sales for all of Alameda County increased 8.9% 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

Kaiser Pharmacy

Kohls

Livermore Audi/ 7 Eleven Subaru/Honda AMS Net Livermore Ford Arco AM PM Lincoln Bernard's Mini Mart Lowes Costco Mobile Modular Cresco Equipment Management Rentals Porsche Of Livermore Gosiger Quik Stop Market Harris Rebar Home Depot Safeway JA Momaney Safeway Gas Sales Services Target Jifco **US** Foodservice

Walmart

Waxies

#### REVENUE COMPARISON

Two Quarters - Fiscal Year To Date

	2010-11	2011-12	
Point-of-Sale	\$7,068,315	\$10,056,831	
County Pool	997,490	1,395,213	
State Pool	5,185	2,781	
Gross Receipts	\$8,070,990	\$11,454,824	
Less Triple Flip*	\$(2,017,747)	\$(2,863,706)	

#### 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

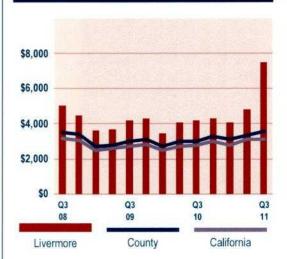
In 1992, the Supreme Court ruled that interstate commerce rules preclude states from requiring sellers without an in-state physical presence to collect local taxes. Since that time, attempts to interest Congress in correcting the problem have been unsuccessful.

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



## LIVERMORE TOP 15 BUSINESS TYPES

Business Type	Livermore		County	HdL State
	Q3 '11*	Change	Change	Change
Business Services	143.2	3.1%	12.9%	-4.5%
Contractors	92.8	-39.9%	5.1%	8.8%
Discount Dept Stores	421.7	2.5%	4.3%	3.1%
Drugs/Chemicals	96.8	5.0%	22.9%	10.0%
Electrical Equipment	133.5	34.6%	11.1%	2.6%
Food Mfg.	121.3	2.0%	13.5%	10.7%
Heavy Industrial	191.9	43.0%	20.6%	19.9%
Light Industrial/Printers	142.0	24.5%	1.2%	2.6%
Lumber/Building Materials	215.7	11.8%	5.8%	4.1%
Medical/Biotech	104.0	30.4%	51.2%	33.3%
New Motor Vehicle Dealers	327.3	11.5%	11.9%	12.1%
Repair Shop/Hand Tool Rentals	95.2	54.9%	27.5%	9.2%
Restaurants Liquor	91.7	-11.5%	8.6%	10.8%
Restaurants No Alcohol	141.8	12.4%	7.9%	7.0%
Service Stations	542.8	32.2%	27.8%	20.5%
Total All Accounts	\$6,110.1	69.9%	14.3%	9.4%
County & State Pool Allocation	839.6	55.7%		
Gross Receipts	\$6,949.7	68.1%		*In thousands