

# Q2 2010



# City of Brentwood Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2010)

## Brentwood In Brief

Revenue from sales occurring in the April to June quarter were 7.6% higher than the same period last year.

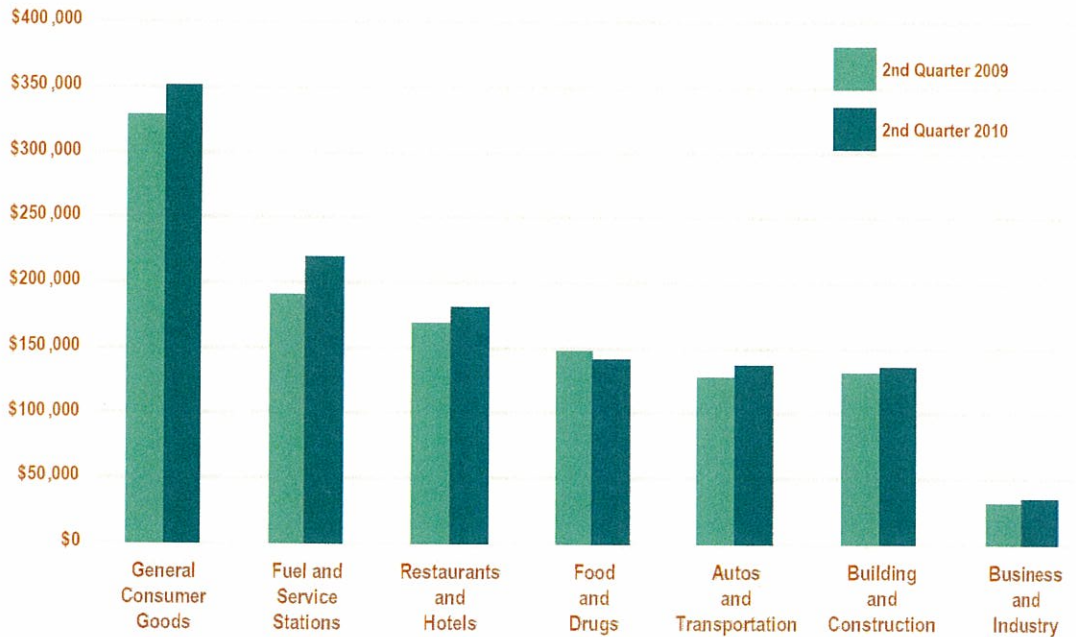
New outlets added to already positive returns in general retail including specialty stores, home furnishings and electronics. A probable allocation error in the personal services group added to the gain. Restaurants also benefited from the opening of additional eateries.

Higher fuel prices boosted returns in service stations while the increase in auto-related sectors was understated by a retroactive adjustment in the year ago quarter.

A store closure contributed to the loss in Food & Drugs overall.

Adjusted for reporting aberrations, taxable sales for all of Contra Costa County including its cities gained 1.2% over the comparable time period while the nine county Bay Area as a whole rose 6.6%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS In Alphabetical Order

Ace Hardware	Quik Stop Markets
Arco AM PM	Raleys
AT&T Mobility	Ross
Best Buy	Safeway
Big B Lumber	Save Mart
Bill Brandt Ford	Supermarkets
Brentwood Service Station	TJ Maxx
Chevron	Tower Mart
CVS Pharmacy	Tri City Auto Plaza
Dallas Shanks Services	Vintners Distributors
Home Depot	Walgreens
Home Goods	Whybuynewautos Com
Kohls	Winco Foods

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$1,129,161	\$1,204,412
County Pool	147,045	168,978
State Pool	1,153	662
Gross Receipts	\$1,277,359	\$1,374,053
Cty/Cnty Share	(31,934)	(34,351)
Net Receipts	\$1,245,425	\$1,339,702
Less Triple Flip*	\$(311,356)	\$(334,925)

\*Reimbursed from county compensation fund



NOTES

**California Overall**

Local sales and use tax revenues for sales occurring April through June 2010 were 4.7% higher than the same quarter of 2009 after accounting aberrations were factored out. However, the comparison is against a quarter that was 18.4% below the same quarter of 2008 which in turn, was 4.0% lower than the same period of 2007. Rising fuel prices were again a major part of the quarterly increase. Pent-up demand and manufacturer incentives produced impressive gains in auto and RV sales. Capital investment in technology, equipment and supplies to reduce labor and energy costs drove expanded receipts from business and industrial purchases.

Areas surrounding the Silicon Valley continue to be the center of greatest recovery though a recent up-tick in travel helped produce gains in some vacation/resort communities. The inland parts of California still lag the coastal regions.

**It's Official! The Recession is Over!**

The National Bureau of Economic Research (NBER) has announced that the recession ended in June of 2009. Technically, this means that economic indicators show that the economy has finally bottomed out. It does not mean that a recovery has occurred.

This year's earlier exuberance has given way to near consensus among economists that the state's recovery will be slow with less than average growth over the next two years.

The argument is that further deleveraging from years of over-spending, over-borrowing, hyper-speculative investment and unsustainable real estate prices must occur before we reach the base on which normal growth restarts. With the focus on productivity innovations rather than jobs, unemployment is expected to stay in double digits at least until the end of 2012. Sales tax revenues are expected to continue to recover but at slightly lower rates than

experienced earlier in the year from various tax credit, stimulus rebate and manufacturer incentive programs.

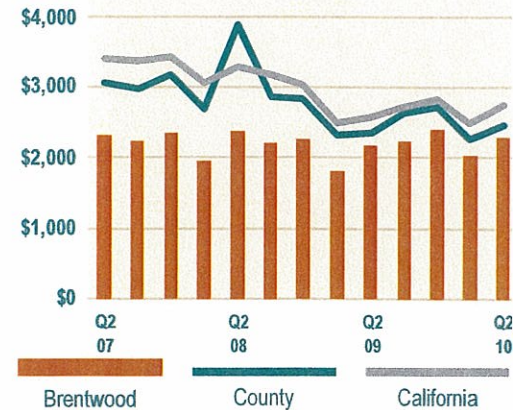
**Green Energy Exemptions**

The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) has fast-tracked adoption of their emergency regulations for implementing new sales and use tax exemptions for "Green Manufacturing" authorized by SB 71, the only significant new sales tax related bill adopted in 2010 to date. The first approvals are planned for their November 17 meeting.

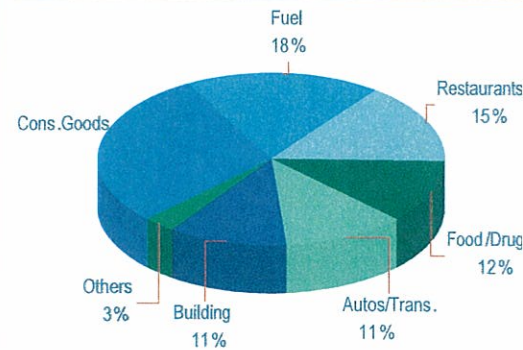
Industry lobbyists have shut local governments out of the process and additional regulations are now being developed for exempting major alternative energy projects such as solar, geothermal and wind. There is no cap on the value of state and local sales tax losses that CAEATFA may approve.

Local governments will not be notified of applications potentially impacting their revenues. However, agenda notices can be obtained by signing up at <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Brentwood This Quarter



**BRENTWOOD TOP 15 BUSINESS TYPES**

Business Type	Brentwood		County	HdL State
	Q2 '10*	Change	Change	Change
Service Stations	\$218.1	15.4%	10.2%	18.2%
Lumber/Building Materials	— CONFIDENTIAL —		-1.3%	2.9%
Family Apparel	102.1	-0.7%	5.5%	10.4%
Grocery Stores Liquor	95.3	-7.8%	-0.8%	1.0%
Restaurants No Alcohol	93.0	10.1%	4.2%	4.6%
Electronics/Appliance Stores	75.3	1.9%	-0.3%	9.3%
Specialty Stores	44.1	2.9%	3.2%	1.2%
Used Automotive Dealers	42.9	-5.9%	-0.4%	10.1%
Restaurants Liquor	42.5	30.1%	7.8%	6.9%
Automotive Supply Stores	39.7	5.3%	6.9%	4.8%
Restaurants Beer And Wine	35.4	-10.8%	-1.9%	-3.4%
Home Furnishings	34.8	34.0%	0.9%	3.1%
New Motor Vehicle Dealers	— CONFIDENTIAL —		17.2%	16.4%
Drug Stores	31.4	2.0%	-2.7%	-1.2%
Women's Apparel	20.3	1.6%	-7.5%	0.1%
<b>Total All Accounts</b>	<b>\$1,204.4</b>	<b>6.7%</b>	<b>5.7%</b>	<b>7.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>169.6</b>	<b>14.5%</b>		
<b>Gross Receipts</b>	<b>\$1,374.1</b>	<b>7.6%</b>		
City/County Share	(34.4)	-7.6%		
<b>Net Receipts</b>	<b>\$1,339.7</b>	<b>7.6%</b>		

\*In thousands