

# Q4 2012



# City of Brentwood Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (October - December 2012)

## Brentwood In Brief

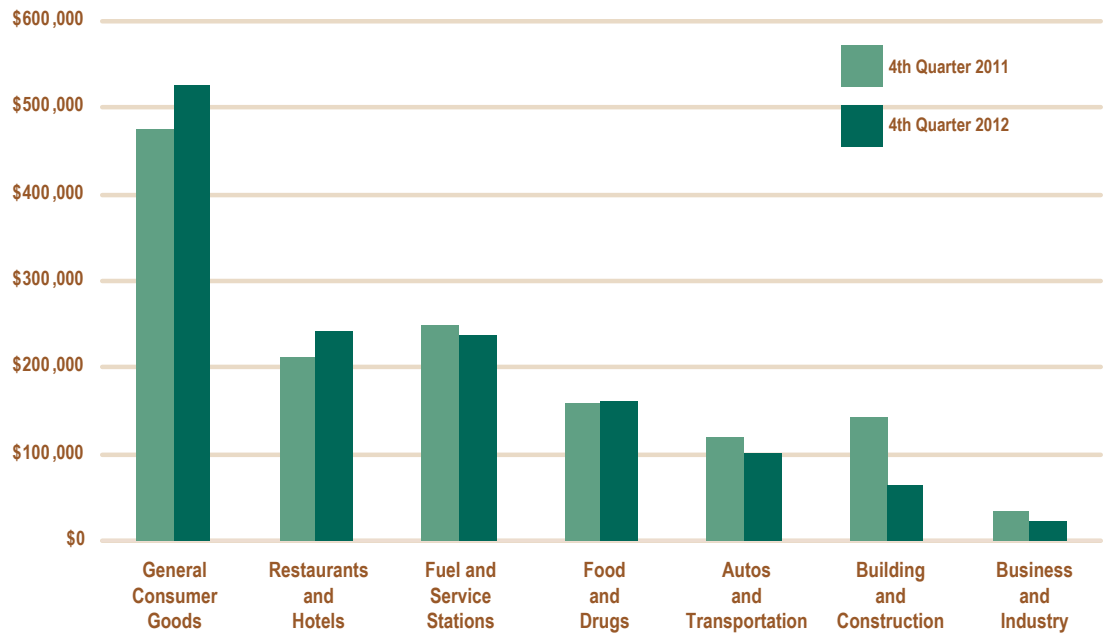
Receipts for Brentwood's October through December sales were 3.1% lower than the same quarter one year ago. Actual sales activity was up 3.2% when reporting aberrations were factored out.

Reporting problems temporarily depressed returns from the building and construction group. Delayed allocations exaggerated the drop from used auto dealers. A business closure was responsible for the decline in service station revenues.

The losses were partially offset by higher returns from electronics/appliance stores, home furnishings, and sporting goods retailers. Recent additions helped boost revenues from restaurants.

Adjusted for aberrations, taxable sales for all of Contra Costa County increased 6.4% over the comparable time period, while the Bay Area as a whole was up 6.2%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS In Alphabetical Order

Arco AM PM	Home Goods
AT&T Mobility	Kohls
Best Buy	Michaels Arts & Crafts
Bill Brandt Ford	Quick Stop
BJs Restaurant & Brewhouse	Raleys
Brentwood Ready Mix	Ross
Brentwood Service Station	Safeway
Chevron	TJ Maxx
Circle K Gas	Tower Mart
CVS Pharmacy	Ultra Beauty
D Devi Oil Shell	Verizon Wireless
Dallas Shanks Chevron	Walgreens
	Winco Foods

### REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$3,927,643	\$4,153,043
County Pool	544,293	549,681
State Pool	631	1,845
<b>Gross Receipts</b>	<b>\$4,472,568</b>	<b>\$4,704,570</b>
Cty/Cnty Share	(111,814)	(117,614)
<b>Net Receipts</b>	<b>\$4,360,753</b>	<b>\$4,586,956</b>
Less Triple Flip*	\$(1,090,188)	\$(1,146,739)

\*Reimbursed from county compensation fund

**Statewide Results**

Statewide sales tax receipts for October through December sales were up 3.4%; however, net of onetime payment aberrations, actual sales increased 6.1% compared to the same sales period in 2011.

The autos and transportation group, led by continued strong sales of new cars and light trucks, recorded another quarter of robust increases over prior year results and accounted for 26% of the adjusted statewide gain. For many general consumer goods retailers the holiday sales season can be the difference between a profit and a loss for the year. This group bested year-ago receipts by 4.3%. Business and industry totals again included tax receipts from a variety of alternative energy projects. Heavy industrial, office equipment and office supplies/furniture also contributed to the group's 5.3% increase. Restaurant dining remained popular as overall sales moved up 5.7%, with most of the increase going to full and quick-service operators. Higher prices at the pump bolstered returns for fuel and service stations which posted a 2.1% rise, even as gasoline consumption for the period trended down. Receipts for building and construction increased 5.3%, while food and drugs gained 1.5%. County use tax pool totals were buoyed by receipt of previously uncollected taxes on internet sales.

**First Full Quarter for AB 155**

AB 155 expanded the definition of nexus to include out-of-state sellers with statewide annual sales of \$1M or more and who have in-state affiliates providing services tied to those out-of-state sales. Effective September 15, 2012 companies meeting these criteria were required to collect California sales and use tax.

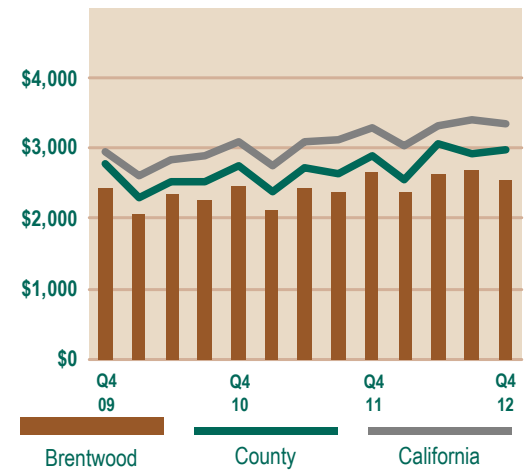
The 26 companies HdL has identified to date as falling under AB 155's criteria produced slightly over \$12M in local one-cent sales tax revenues in the fourth quarter of 2012. It is estimated that this will translate into annual revenues of about \$0.80 per capita. To date, the revenues are being allocated to all jurisdictions in California via the countywide use tax allocation pools. Each city and county receives its proportionate share of the pool based on its ratio of taxable sales.

Past deal making by high volume retailers suggests that new revenues could eventually be redirected to just a few agencies in exchange for sales tax rebates as more out-of-state companies decide where to locate their in-state distribution warehouses. Online sellers already located in the state have negotiated rebates as high as 85% of the local sales tax they collect.

S.336/HR.684, the Federal Marketplace Fairness Act, would provide

a uniform approach to allowing all states to require online and remote sellers to collect sales taxes. The bills are strongly supported by a coalition of national retailers and local governments but are opposed by eBay and anti-tax groups. Although the Sentate has adopted a resolution of support, the bills themselves have not been formally acted upon in either the Senate or House of Representatives.

**SALES PER CAPITA**



**BRENTWOOD TOP 15 BUSINESS TYPES**

Business Type	Brentwood		County	HdL State
	Q4 '12*	Change	Change	Change
Art/Gift/Novelty Stores	27.9	-0.3%	11.7%	0.4%
Automotive Supply Stores	42.3	9.1%	9.6%	4.9%
Department Stores	— CONFIDENTIAL —		1.0%	-3.2%
Drug Stores	35.2	-2.0%	-3.3%	-4.5%
Electronics/Appliance Stores	139.8	21.4%	13.2%	3.6%
Family Apparel	100.1	3.1%	8.1%	8.3%
Grocery Stores Liquor	110.4	-0.3%	-0.6%	-17.6%
Home Furnishings	47.2	12.7%	13.5%	6.8%
New Motor Vehicle Dealers	— CONFIDENTIAL —		21.9%	17.2%
Restaurants Beer And Wine	53.0	15.5%	-1.7%	0.2%
Restaurants Liquor	71.0	16.2%	15.0%	8.0%
Restaurants No Alcohol	97.9	9.1%	-2.7%	5.1%
Service Stations	238.4	-4.6%	6.3%	2.8%
Specialty Stores	57.3	-3.8%	1.1%	-0.6%
Women's Apparel	33.8	25.1%	2.0%	5.5%
<b>Total All Accounts</b>	<b>\$1,349.4</b>	<b>-3.3%</b>	<b>3.5%</b>	<b>2.0%</b>
<b>County &amp; State Pool Allocation</b>	<b>200.1</b>	<b>-1.8%</b>		
<b>Gross Receipts</b>	<b>\$1,549.6</b>	<b>-3.1%</b>		
City/County Share	(38.7)	3.1%		
<b>Net Receipts</b>	<b>\$1,510.8</b>	<b>-3.1%</b>		

\*In thousands