

# Q2 2013



# City of Brentwood Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2013)

## Brentwood In Brief

Receipts for Brentwood's April through June sales were 8.5% higher than the same quarter one year ago. Actual sales activity was up 11.0% when reporting aberrations were factored out.

The decline in autos and transportation from a business closeout was exaggerated by a retroactive adjustment that inflated the year ago period. Multiple payment deviations accounted for the loss in the business and industry group.

Sales activity in general retail including electronics/appliance stores surpassed regional and statewide trends. In addition, recent openings boosted returns in women's apparel and home furnishings while a multi-quarter correction inflated the shoe store category.

A new eatery contributed to higher results in restaurants and hotels. The stellar rise in building-related sectors reflected the post-recession recovery.

Several onetime events that depressed proceeds in the comparison quarter were a significant factor in the spike in the countywide use tax allocation pool.

Adjusted for aberrations, taxable sales for all of Contra Costa County increased 1.6% over the comparable time period, while the Bay Area as a whole was up 5.2%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS In Alphabetical Order

Ace Hardware	CVS Pharmacy
Arco AM PM	D Devi Oil Shell
AT&T Mobility	Dallas Shanks Chevron
Best Buy	Home Depot
Big B Lumber	Kohls
Bill Brandt Ford	Quick Stop
BJs Restaurant & Brewhouse	Ross
Brentwood Chevron	Safeway
Brentwood Ready Mix	Save Mart
Brentwood Service Station	TJ Maxx
Chevron	Tower Mart
Circle K Gas	Walgreens
	Winco Foods

### REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$1,387,120	\$1,457,482
County Pool	148,223	208,155
State Pool	1,377	1,036
<b>Gross Receipts</b>	<b>\$1,536,720</b>	<b>\$1,666,673</b>
Cty/Cnty Share	(38,418)	(41,667)
<b>Net Receipts</b>	<b>\$1,498,302</b>	<b>\$1,625,007</b>
Less Triple Flip*	\$(374,575)	\$(406,252)

\*Reimbursed from county compensation fund

**State Overall**

Adjusted for accounting anomalies, receipts from local governments' one cent sales and use tax were up 5.4% over the second quarter of 2012.

More than half of the increase was driven by a strong quarter for auto sales plus new revenues flowing to the countywide use tax allocation pools largely as result of the previous passage of AB 155's expanded definition of nexus for out-of-state companies required to collect California sales and use taxes.

Receipts from the building and construction categories exhibited significant gains reflecting the beginning of a recovery in new housing construction and considerable remodeling activity. Restaurant sales were also strong but limited to low priced quick service chains and higher priced fine dining restaurants with full liquor licenses.

Gains from general consumer goods were modest overall and tended to be retailer and community specific. Tax revenues from fuel were down from last year's comparable quarter while receipts from business and industrial purchases were flat with the few increases in that group primarily tied to agriculture and food processing.

**The Remaining Fiscal Year**

The general consensus is that the state's economy will continue to recover in 2013-14 but sales tax growth may be more modest in the second half of the fiscal year than the first half.

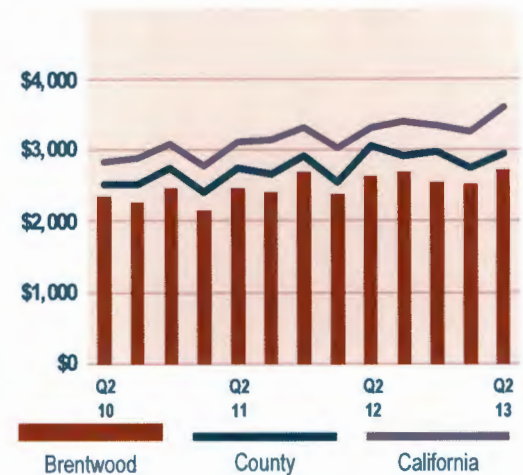
Auto sales which have been up by double digits from years of pent-up demand are expected to plateau in another quarter or two with the pace of growth returning to more normal levels. With consumers taking on more debt to purchase new cars and homes, discretion-

ary spending on other items is expected to slow. Low inflation, price competition and a job recovery tilted toward low paying or part-time work will also keep the cost of taxable goods in check.

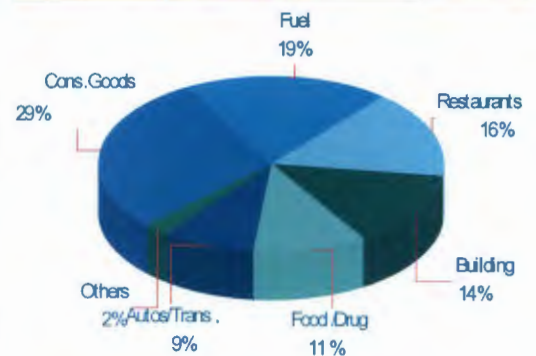
The six year boom in the state's technology sector appears to be slowing with companies shifting from buying their own hardware and software to renting computer power through cloud based services. Gas prices will continue to be impacted by refinery shutdowns, Middle East crises and oil speculators. However with today's new cars almost 20% more fuel efficient than those sold only six years ago, further tax gains from this segment are not anticipated.

Continued recovery in construction activity is expected to generate a major share of sales tax growth in the second half of the fiscal year. With rising home and stock market values benefiting higher income families, luxury goods in all categories are also projected to show solid gains.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Brentwood This Quarter



**BRENTWOOD TOP 15 BUSINESS TYPES**

Business Type	Brentwood		County	HdL State
	Q2 '13*	Change	Change	Change
Automotive Supply Stores	47.2	11.7%	-3.6%	3.4%
Contractors	39.9	127.4%	-3.6%	5.6%
Department Stores	36.0	7.0%	-1.7%	0.2%
Drug Stores	33.6	2.8%	2.6%	0.8%
Electronics/Appliance Stores	94.9	12.2%	1.1%	3.9%
Family Apparel	79.7	0.8%	7.4%	4.7%
Grocery Stores Liquor	101.1	4.6%	3.0%	2.7%
Home Furnishings	45.9	31.2%	6.0%	6.8%
Lumber/Building Materials	— CONFIDENTIAL —		-2.1%	-4.5%
New Motor Vehicle Dealers	— CONFIDENTIAL —		12.7%	11.1%
Restaurants Beer And Wine	43.2	-5.0%	-0.5%	-0.6%
Restaurants Liquor	64.9	8.1%	10.5%	9.6%
Restaurants No Alcohol	102.6	7.3%	4.6%	5.9%
Service Stations	281.6	-3.1%	-4.5%	-5.7%
Specialty Stores	48.7	-0.9%	1.2%	5.2%
<b>Total All Accounts</b>	<b>\$1,457.5</b>	<b>5.1%</b>	<b>-3.0%</b>	<b>7.0%</b>
<b>County &amp; State Pool Allocation</b>	<b>209.2</b>	<b>39.8%</b>		
<b>Gross Receipts</b>	<b>\$1,666.7</b>	<b>8.5%</b>		
City/County Share	(41.7)	-8.5%		
<b>Net Receipts</b>	<b>\$1,625.0</b>	<b>8.5%</b>		

\*In thousands