

# Q1 2016



# City of Brentwood Sales Tax Update

Second Quarter Receipts for First Quarter Sales (January - March 2016)

## Brentwood In Brief

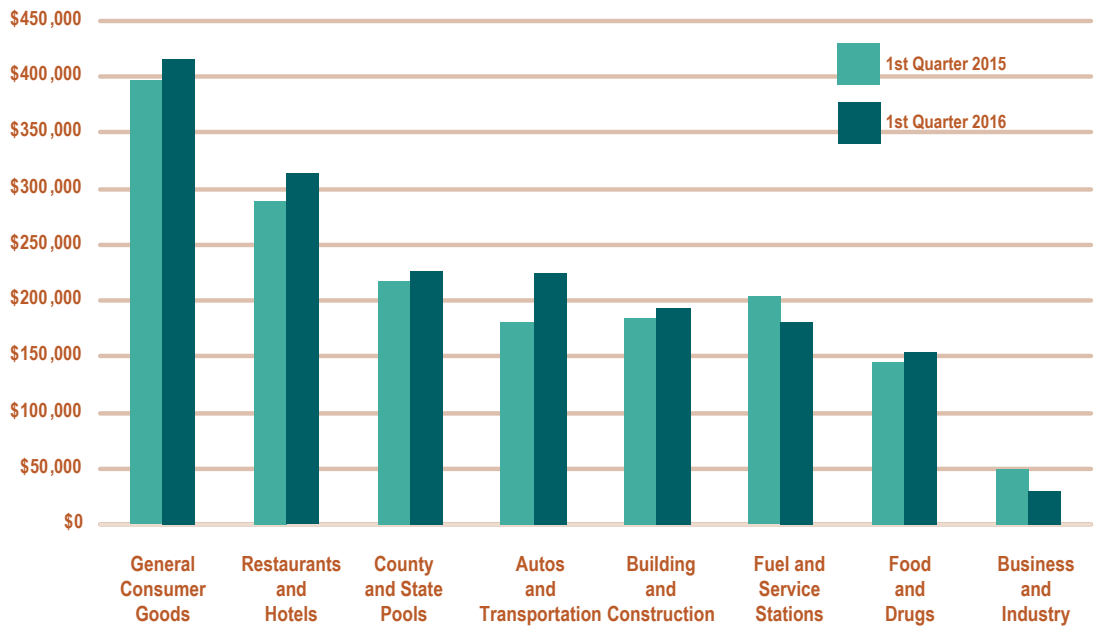
Brentwood's receipts for January through March sales were 4.5% higher than the same quarter of 2015. Actual sales increased 6.1% when accounting anomalies were excluded.

Solid sales at electronics/appliance outlets were a major factor for gains from the consumer goods group, but sales of women's apparel and specialty goods were also factors. Postings were up from all restaurant group categories along with grocery/liquor and auto supply. Accounting aberrations overstated results from used car dealers, auto repair shops and contractor supplies.

Payment anomalies exaggerated the impact of lower fuel prices on service station receipts and depressed business and industry group comparisons.

Adjusted for onetime reporting events, taxable sales for all of Contra Costa County increased 2.6% over the same period; the Bay Area as a whole was up 3.3%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Ace Hardware	Fernandez Auto Wholesale
Arco AM PM	Food Maxx
AT&T Mobility	Home Depot
Best Buy	Home Goods
Big B Lumber	Kohls
Bill Brandt Ford	Oaklet Petro
BJs Restaurant & Brewhouse	Ross
Brentwood Ready Mix	Safeway
Chevron	TJ Maxx
Circle K Gas	Ulta
Colonial Energy	Verizon
Dallas Shanks Chevron	Walgreens
	Winco Foods

## REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$6,092,740	\$6,542,721
County Pool	971,327	1,069,272
State Pool	4,122	4,831
<b>Gross Receipts</b>	<b>\$7,068,190</b>	<b>\$7,616,824</b>
Cty/Cnty Share	(176,705)	(190,421)
<b>Net Receipts</b>	<b>\$6,891,485</b>	<b>\$7,426,404</b>
Less Triple Flip*	\$(1,722,871)	\$(1,432,295)

\*Reimbursed from county compensation fund

**California Overall**

The local one-cent share of the statewide sales and use tax was 3.1% higher than the year-ago quarter after excluding payment aberrations.

Gains in the countywide use tax pools were the largest contributor to the increase due to the growing impact of online purchases from out-of-state sellers and the corresponding shift of tax revenues from brick and mortar retail stores to fulfillment centers that process orders online. Not surprisingly, areas with concentrations of young, affluent buyers saw the highest online sales growth and the weakest general consumer goods results.

Solid results from auto sales and leases, transportation rentals, contractor supplies and restaurants also contributed to the overall increase.

The 5.6% gain in the business-industry sector was bolstered by onetime receipts for equipment purchases related to alternative energy projects.

Most general consumer goods categories were flat or down, except for specialty stores, electronics-appliance stores and home furnishings, consistent with the trend of consumers buying more from online retailers.

Gains from most other segments were relatively modest, while lower prices at the pump caused an 11.4% decline in fuel tax revenues, extending the decline to a sixth consecutive quarter.

**Robust Growth in Online Sales**

National surveys reveal that consumers buy online to avoid crowds, save time and find better bargains. Online shopping also benefits buyers in rural areas with fewer shopping options.

Total online spending comprised 12.8% of all general consumer goods purchases in 2015, up from 3.4% in 2000.

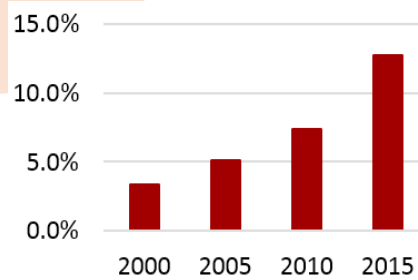
According to Forrester Research, Amazon accounted for 60% of total online sales growth in 2015.

Though the online share of overall sales

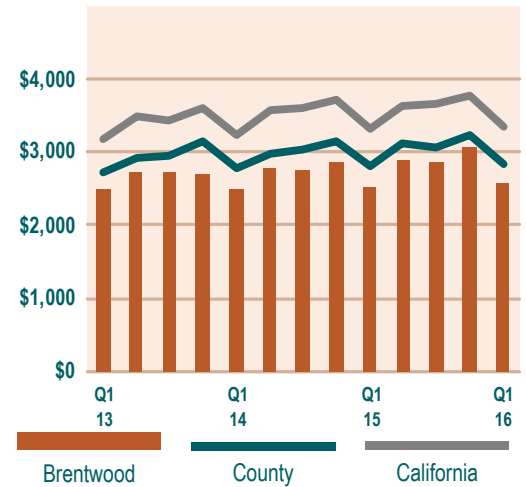
remains relatively modest, the year-over-year growth rate indicates a major shift in retailing is well underway. In response, more and more traditional brick and mortar retailers are opening online sales channels in recognition of this growing trend largely powered by younger buyers.

Department store chains have been particularly hard hit as Amazon has expanded its offerings to include apparel and fashion merchandise. Media reports indicate Macy's recently suffered its worse quarterly sales since the recession, while Nordstrom, J.C. Penney and Kohl's all reported lower sales. Each of these chains has established a solid web presence in a fight to retain market share.

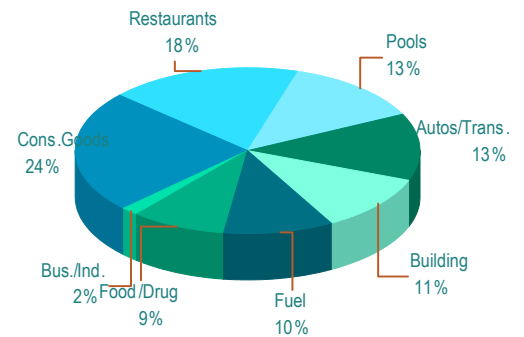
**Online General Consumer Goods  
YOY Percentage Growth**



**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP  
Brentwood This Quarter**



**BRENTWOOD TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	Brentwood Q1 '16*	Change	County Change	HdL State Change
Auto Repair Shops	35.4	23.2%	5.5%	7.4%
Automotive Supply Stores	52.9	8.5%	7.4%	4.8%
Casual Dining	154.4	8.3%	2.4%	5.7%
Contractors	40.6	9.9%	18.5%	3.3%
Drug Stores	—	CONFIDENTIAL	-0.2%	0.0%
Electronics/Appliance Stores	115.7	22.1%	8.6%	2.8%
Family Apparel	74.5	1.0%	2.6%	-0.7%
Grocery Stores Liquor	104.7	7.7%	5.2%	1.6%
Home Furnishings	53.7	1.1%	-2.0%	3.0%
Lumber/Building Materials	—	CONFIDENTIAL	4.9%	4.5%
New Motor Vehicle Dealers	—	CONFIDENTIAL	4.9%	3.1%
Quick-Service Restaurants	101.4	6.7%	7.3%	6.4%
Service Stations	180.3	-7.5%	-10.0%	-9.3%
Specialty Stores	62.8	8.2%	-0.1%	3.5%
Used Automotive Dealers	42.4	14.0%	24.9%	9.2%
<b>Total All Accounts</b>	<b>1,514.6</b>	<b>4.6%</b>	<b>1.7%</b>	<b>1.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>226.2</b>	<b>3.9%</b>	<b>1.0%</b>	<b>14.1%</b>
<b>Gross Receipts</b>	<b>1,740.7</b>	<b>4.5%</b>	<b>1.6%</b>	<b>3.2%</b>
City/County Share	(43.5)	-4.5%		
<b>Net Receipts</b>	<b>1,697.2</b>	<b>4.5%</b>		