

# Q3 2016



# City of Brentwood Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2016)

## Brentwood In Brief

Brentwood's receipts from July through September were 6.5% above the third sales period in 2015.

New stores in several sectors including home furnishings and shoe stores contributed to the increase in general consumer goods. In addition, family apparel and special stores were higher than a year ago.

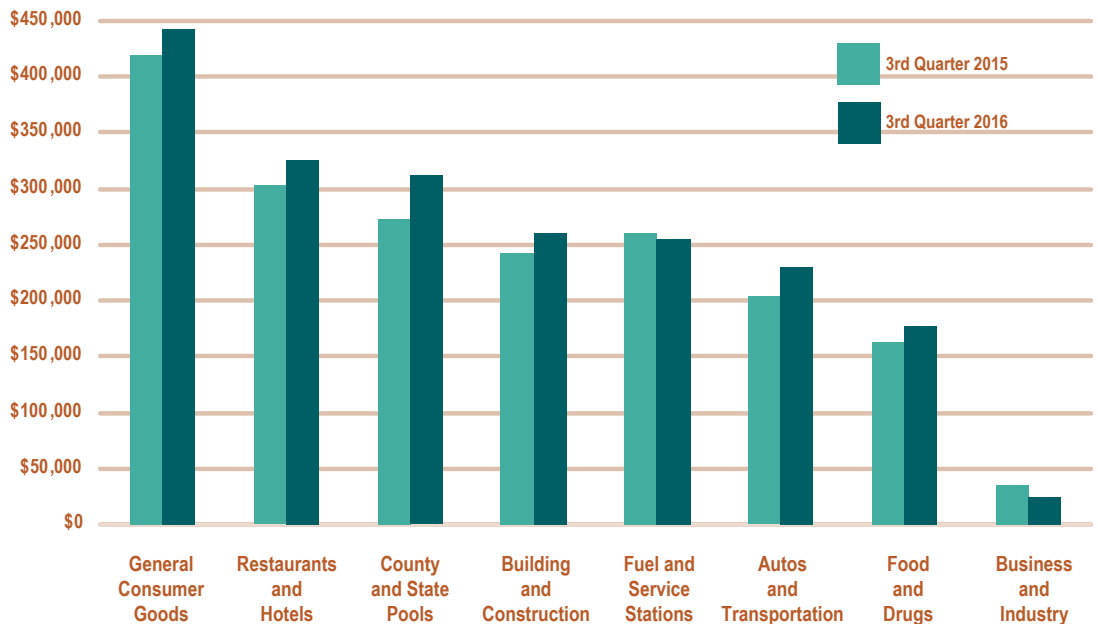
The rise in restaurants which surpassed regional trends was boosted by recent openings. Postings were up in the autos and transportation group while building-related sectors showed upward growth.

An increase in the City's share of the countywide use tax allocation pool added to higher gross receipts overall.

A onetime taxpayer refund dampened results in business and industry. Lower prices depressed service station returns.

Net of aberrations, taxable sales for all of Contra Costa County grew 1.6% over the comparable time period; the Bay Area was up 2.2%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Ace Hardware	Food Maxx
Arco AM PM	Home Depot
AT&T Mobility	Home Goods
Best Buy	Kohls
Big B Lumber	Los Primos 2
Bill Brandt Ford	Oaklet Petro
BJs Restaurant & Brewhouse	Quik Stop
Brentwood Ready Mix	Ross
Chevron	Safeway
Circle K Gas	TJ Maxx
Colonial Energy	Ulta
Dallas Shanks Chevron	Walgreens
	Winco Foods

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2015-16	2016-17
Point-of-Sale	\$3,286,726	\$3,432,684
County Pool	538,160	619,720
State Pool	1,748	1,232
<b>Gross Receipts</b>	<b>\$3,826,635</b>	<b>\$4,053,635</b>
<b>Cty/Cnty Share</b>	<b>(95,666)</b>	<b>(101,341)</b>
<b>Net Receipts</b>	<b>\$3,730,969</b>	<b>\$3,952,294</b>
<b>Less Triple Flip*</b>	<b>\$(932,742)</b>	<b>\$0</b>

\*Reimbursed from county compensation fund

**Statewide Results**

Statewide local sales and use taxes from transactions occurring July through September were up 1.9% over the same third sales quarter of 2015 after factoring for accounting anomalies.

The countywide use tax allocation pools contributed the largest portion of the increase reflecting the acceleration in online shopping where most orders are shipped from out-of-state. Automotive group receipts rose 5.4% over the year-ago period although more than half of the increase was from a specific electric car manufacturer. Higher returns from restaurants and sales of building/construction materials also contributed to the statewide gain.

The gains were significantly offset by a 14.6% drop in receipts from fuel and service stations and a generally flat quarter for other economic segments. General consumer goods grew less than 1%. Value priced clothing, pet shops, cosmetics and dollar stores were among the few bright spots.

Business and industrial tax revenue was down 1.9%. Relatively healthy sales of agricultural and medical/biotech supplies could not overcome the decline in new alternative energy projects and a flat quarter for most other categories.

**The Year Ahead**

The consensus from dozens of industry analysts, economic think tanks and trade associations is for a leveling off in the rate of sales tax growth that the state has enjoyed for the last six years.

Manufacturer incentives are expected to produce lower gains from new vehicle purchases through the end of 2016 and it is believed that dealers are now borrowing from 2017 sales. Vehicle sales are expected to drop in 2017-18 but the trend toward higher priced vehicles loaded with options could maintain tax revenues close to current levels.

Consumer preferences toward spending more on services rather than goods, digital downloading of previously taxable products and rising health care and housing costs will be a drag on sales of consumer

goods.

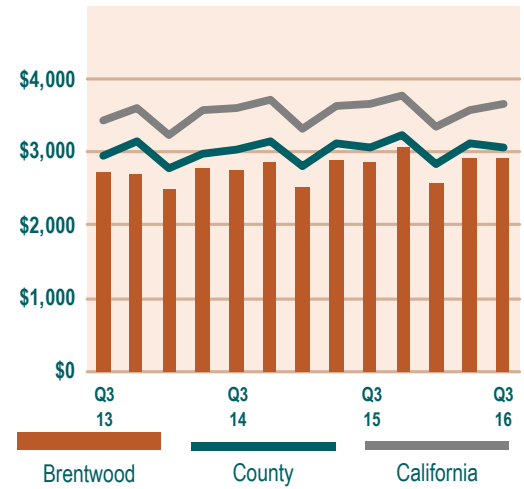
Receipts from fuel and service stations may be one of the largest gainers in 2017-18. New Middle East agreements on production caps are raising crude oil prices while California's limited refinery capacity and the trend toward less fuel-efficient SUV's and trucks have analysts believing that prices have finally leveled out and will rise through the year.

Continuing gains from restaurants are also expected although at lower than previous rates because of reduced grocery prices and the cost of eating at home. The growing strength of the dollar and recent criticisms of trade agreements and immigrants could reduce international tourism.

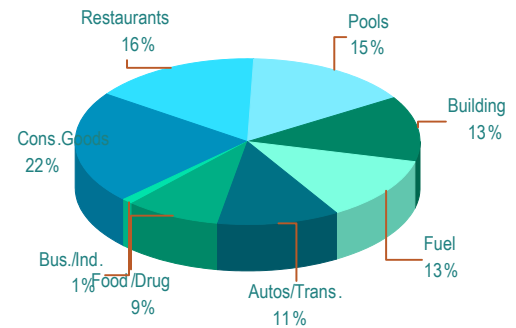
It usually takes up to two years for new stimulus programs to be reflected in sales tax receipts. As many of the coming administration's proposals related to trade, immigration, health services and the environment present potential issues for a significant number of California industries, delays in major construction projects and business/industrial investments are expected until these are sorted out.

HdL's current forecast is for a statewide increase of 2.5% in 2016-17 and 3.4% in 2017-18 compared to a year earlier.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Brentwood This Quarter



**BRENTWOOD TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	Brentwood Q3 '16*	Brentwood Change	County Change	HdL State Change
Auto Repair Shops	35.7	32.4%	2.8%	4.5%
Automotive Supply Stores	52.5	9.7%	1.3%	3.8%
Casual Dining	147.2	2.6%	2.7%	4.4%
Contractors	46.6	-20.8%	6.0%	1.4%
Drug Stores	—	CONFIDENTIAL	-7.0%	-8.7%
Electronics/Appliance Stores	109.1	-1.5%	-2.9%	-1.5%
Family Apparel	87.6	7.4%	8.3%	5.9%
Grocery Stores	130.3	9.5%	3.0%	-2.1%
Home Furnishings	52.0	6.3%	5.4%	-0.5%
Lumber/Building Materials	—	CONFIDENTIAL	1.9%	6.9%
New Motor Vehicle Dealers	—	CONFIDENTIAL	6.4%	4.8%
Quick-Service Restaurants	110.7	12.9%	7.8%	8.9%
Service Stations	254.0	-2.2%	-8.6%	-13.8%
Specialty Stores	65.9	7.2%	-2.4%	2.2%
Used Automotive Dealers	38.0	-0.3%	21.1%	8.1%
<b>Total All Accounts</b>	<b>1,715.4</b>	<b>5.2%</b>	<b>0.5%</b>	<b>0.9%</b>
<b>County &amp; State Pool Allocation</b>	<b>311.6</b>	<b>14.3%</b>	<b>9.1%</b>	<b>11.5%</b>
<b>Gross Receipts</b>	<b>2,026.9</b>	<b>6.5%</b>	<b>1.7%</b>	<b>2.2%</b>
City/County Share	(50.7)	-6.5%		
<b>Net Receipts</b>	<b>1,976.2</b>	<b>6.5%</b>		