

Q2 2017



City of Brentwood Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2017)

Brentwood In Brief

Brentwood's receipts from April through June were 9.7% above the second sales period in 2016. Excluding reporting aberrations, actual sales were up 11.3%.

A statewide adjustment that inflated the year ago quarter accounted for the decline in the countywide use tax allocation pool. Once removed, the City's share was up 16.2%.

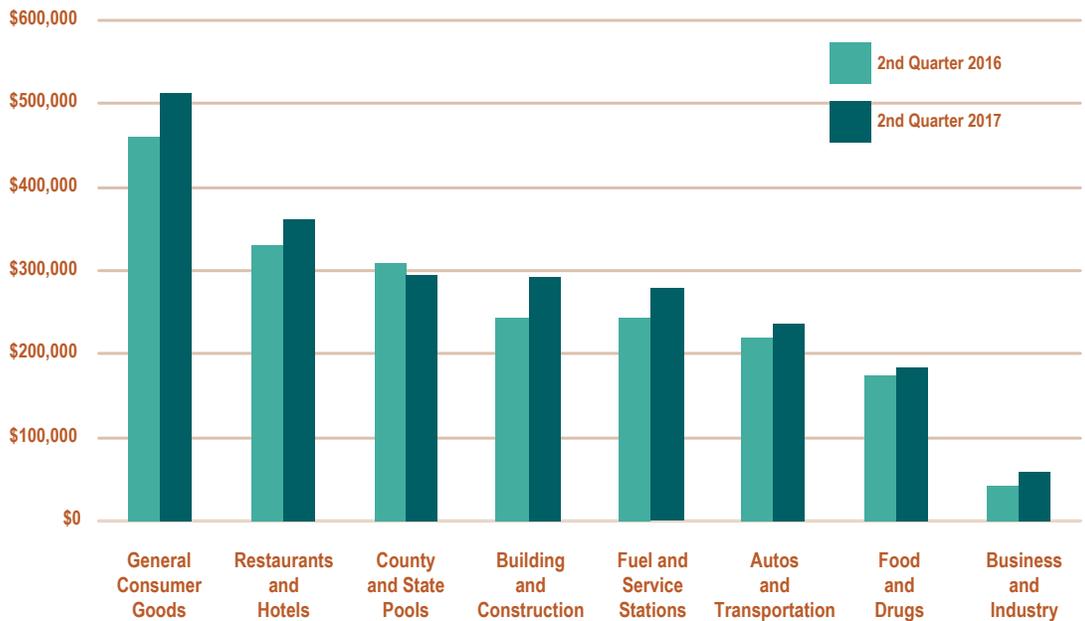
The business/industry and food/drugs groups benefited from recent openings while a reporting error overstated strong growth in building-related sectors.

Non-recurring adjustments exaggerated general retail performance. New stores in home furnishings and shoe stores and higher sales activity in family apparel and specialty stores yielded the actual gain of 5.5%.

New eateries contributed to the rise in restaurants with the hike in fuel prices boosting revenues in service stations.

Net of aberrations, taxable sales for all of Contra Costa County grew 5.0% over the comparable time period; the Bay Area was up 2.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

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

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2016-17	2017-18
Point-of-Sale	\$1,717,323	\$1,927,724
County Pool	308,774	296,760
State Pool	618	(1,023)
Gross Receipts	\$2,026,715	\$2,223,461
Cty/Cnty Share	(50,668)	(55,587)
Net Receipts	\$1,976,047	\$2,167,874
Less Triple Flip*	\$0	\$0

*Reimbursed from county compensation fund

California Overall

Local government's one-cent share of statewide sales and use tax from transactions occurring April through June was 3.2% higher than the same quarter of 2016 after payment aberrations are factored out.

The largest percentage increases were from the countywide allocation pools, building supplies and rising fuel prices. Auto sales and restaurants continued to post solid gains. Except for value priced apparel and dollar stores, most categories of general consumer goods were down or flat with the growth in online shopping shifting tax receipts to in-state distribution centers or to the countywide allocation pools.

Receipts from business and industrial transactions were lower than last year's comparable quarter because of declines in new alternative energy projects. Agricultural and new technology related purchases exhibited healthy gains as did sales of warehouse and construction equipment. Most other categories were down from 2016.

Where does the Money Go?

E-commerce, technology and changing consumer preferences have retailers undergoing a dizzying transformation as they compete for customers through online websites, mobile apps, home delivery, social media, pop-up/flex stores and pick-up lockers as well as traditional brick and mortar businesses.

The changes in how goods are inventoried, sold and delivered has created some confusion in allocating local sales and use tax. However, it still involves three basic principles:

- Location where the sale is negotiated
- Location of goods at time of sale
- Ownership of goods being sold

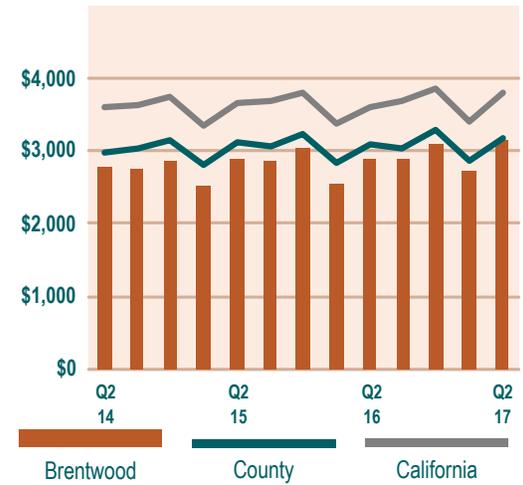
Place of sale continues to be California's primary rule for allocating local sales tax. If the inventory is owned by the seller and is located in-state, the tax goes to the location that participates in the sale, either by receiving the order or

shipping the goods. If the order is taken outside the state but the seller owns the inventory and delivers the goods from inside California, the tax is allocated to the jurisdiction where the warehouse is located. Otherwise, the tax is shared by all agencies in the county where the goods are shipped on a pro-rata basis through the county allocation pools.

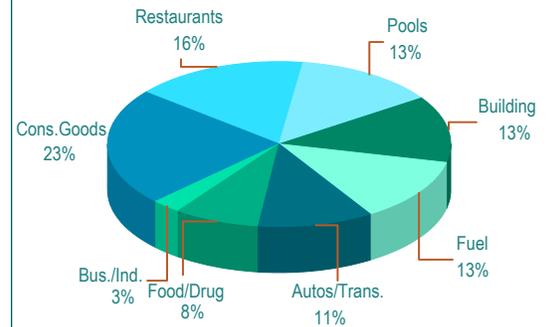
Ownership of the goods being sold is also a factor. In order for an agency to receive a direct allocation of local tax for goods shipped from a California fulfillment center, the location must be the retailer's place of business and not owned or operated by a separate legal entity. If the retailer has no place of business in California, the only opportunity for local tax is an indirect allocation through the countywide pools

For jurisdictions with transactions tax overrides, that tax goes to the place of purchase rather than the place of the seller. For example, the sales tax on the purchase of an automobile goes to the seller's location. However, the transactions tax, if any, goes to the jurisdiction where the buyer's vehicle is registered.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Brentwood This Quarter



BRENTWOOD TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Brentwood Q2 '17*	Change	County Change	HdL State Change
Auto Repair Shops	31.7	-4.0%	1.9%	9.2%
Automotive Supply Stores	57.5	6.5%	2.3%	2.8%
Building Materials	198.8	11.7%	6.9%	6.1%
Casual Dining	172.8	11.0%	0.8%	2.2%
Contractors	—	CONFIDENTIAL	-11.6%	9.6%
Department Stores	—	CONFIDENTIAL	1.9%	-2.3%
Drug Stores	—	CONFIDENTIAL	1.1%	0.8%
Electronics/Appliance Stores	140.4	24.2%	15.2%	0.3%
Family Apparel	90.0	5.6%	2.2%	4.0%
Grocery Stores	126.8	6.2%	0.6%	2.1%
Home Furnishings	68.4	9.0%	-5.6%	0.4%
New Motor Vehicle Dealers	—	CONFIDENTIAL	6.7%	3.2%
Quick-Service Restaurants	115.3	4.3%	5.8%	5.8%
Service Stations	277.1	14.4%	13.4%	8.6%
Specialty Stores	68.9	5.6%	2.0%	1.0%
Total All Accounts	1,927.7	12.3%	3.9%	6.4%
County & State Pool Allocation	295.7	-4.4%	-11.5%	-9.9%
Gross Receipts	2,223.5	9.7%	1.6%	4.1%
City/County Share	(55.6)	-9.7%		
Net Receipts	2,167.9	9.7%		