

Q2 2019



City of Brentwood Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2019)

Brentwood In Brief

Brentwood's receipts from April through June were 12.6% above the second sales period in 2018. However, this comparison is inflated due to CDTFA's transition to a new reporting system in the prior year which temporarily delayed distributions to the City.

Excluding reporting aberrations, actual sales were down 0.9%.

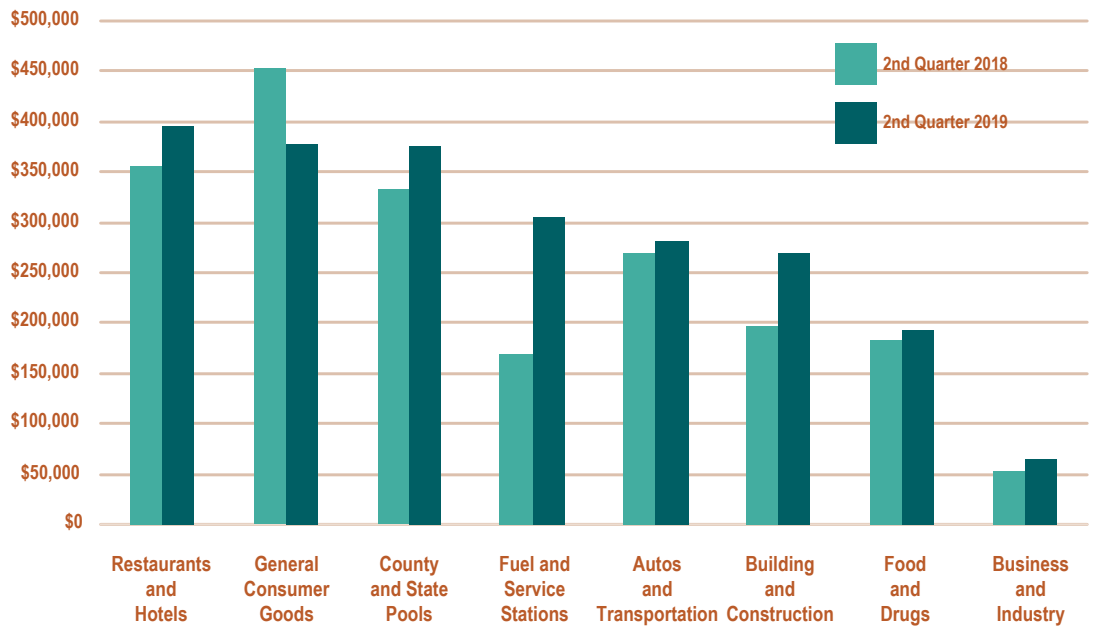
Closures in electronic/appliance stores and specialty stores were the main cause of the steep decline in general consumer goods.

Fuel and service station results are skewed by multiple missing payments in the comparable quarter, after accounting for the reporting irregularities the group posted gains of 2.1%. Following the statewide trend, used automotive dealers posted positive results but not enough to boost the autos and transportation group which posted a decline of 0.2% after adjusting for the anomalies.

Online shopping continues to contribute to gains in the countywide pool which generated \$375,866 in revenue for the City.

Net of aberrations, taxable receipts for all of Contra Costa County grew 1.6% over the comparable time period; the Bay Area was up 1.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Ace Hardware	Dallas Shanks Services
Arco AM PM	Home Depot
AT&T Mobility	Home Goods
Balfour Arco	In N Out Burger
Big B Lumber	Jeffery Way Shell
Bill Brandt Ford	Kohls
BJ's Restaurant & Brewhouse	Red Robin
Brentwood Chevron	Ross
Brentwood Ready Mix	Safeway
Chevron	TJ Maxx
Circle K Gas	Ulta Beauty
Colonial Energy	Walgreens
	Winco Foods

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date (Q3 to Q2)

	2017-18	2018-19
Point-of-Sale	\$7,294,449	\$7,896,709
County Pool	1,316,599	1,510,881
State Pool	4,296	4,094
Gross Receipts	\$8,615,343	\$9,411,683
Cty/Cnty Share	(215,384)	(235,292)
Net Receipts	\$8,399,959	\$9,176,391

California Overall

The local one percent share of California's sales and use tax from April through June sales was 20.4% higher than the same quarter in 2018. However, the actual gain came to 2.9% after factoring for online filing issues and accounting anomalies. Fiscal year 2018-19 ended with an increase of 3.6% over the previous year after similarly adjusting for reporting aberrations.

The quarter exhibited continuation of a recent softening for most taxable categories. Rising used car sales and rentals helped offset what was otherwise, a generally flat quarter for the auto-transportation group. An acceleration in online shopping boosted receipts from county wide pools while gains for brick and mortar stores were limited to value-priced apparel, discount department stores and jewelry.

Restaurant patronage appears to be leveling with a shift toward lower cost dining options that produced relatively modest gains for the group when compared to previous quarters. New cannabis operations resulted in a small rise in food and drug receipts.

A 2.5% gain in business-industrial sales and use tax revenues came primarily from online fulfillment centers, logistics and utility company purchases and ongoing investment in automation and information technology. A similar rise in receipts from the building-construction group was due to a variety of infrastructure and onetime special projects that offset declines in material purchases for new home construction.

Marketplace Facilitator Act

Effective Oct. 1, 2019, companies such as Amazon, eBay and Google who provide sales tax related services to other retailers are required to assume the obligation for collecting and remitting their client's sales and use tax. The definition of sales-related services includes payment processing, inventory and shipping of merchandise, order taking, providing customer service, or assisting with re-

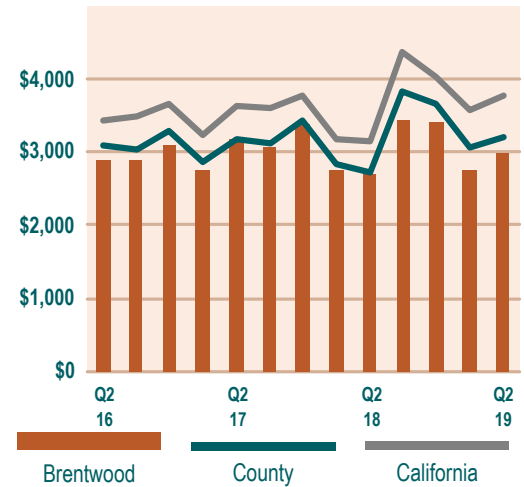
turns and exchanges.

The Marketplace provision was part of AB 147 which was adopted to implement California's approach to the U.S. Supreme Court decision in South Dakota v. Wayfair Inc.

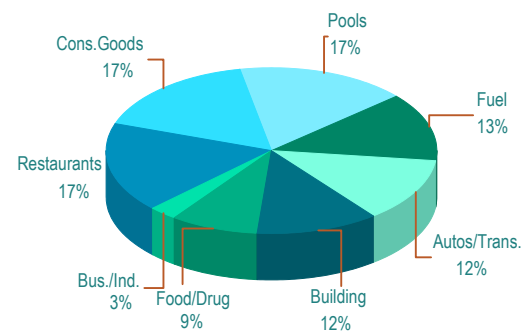
AB 147 requires out-of-state retailers with annual combined sales of \$500,000 or more to now collect and remit this state's sales and use tax from its customers. Applying the \$500,000 threshold to the sum total of all the third-party transactions that facilitators process for their clients, is hoped to produce moderate gains in previously uncollected revenues for the state, cities, counties and local transaction tax districts.

Facilitator tax remittances from merchandise inventoried in California will be allocated to specific jurisdictions while receipts from deliveries outside of the state will be distributed via the pools. Some facilitators have begun to collect and remit taxes ahead of this deadline. This is evidenced by new pool allocations and increases in direct allocations to certain jurisdictions.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Brentwood This Quarter



BRENTWOOD TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Brentwood Q2 '19*	Brentwood Change	County Change	HdL State Change
Auto Repair Shops	36.1	24.1%	43.2%	21.5%
Automotive Supply Stores	45.7	2.4%	24.0%	16.4%
Building Materials	198.6	38.4%	40.4%	34.1%
Casual Dining	189.0	11.4%	26.4%	24.5%
Contractors	51.2	23.6%	30.7%	26.9%
Department Stores	— CONFIDENTIAL —	—	-29.7%	-24.7%
Drug Stores	— CONFIDENTIAL —	—	0.3%	-0.3%
Family Apparel	92.2	56.0%	63.6%	45.3%
Fast-Casual Restaurants	38.2	1.0%	17.4%	18.8%
Grocery Stores	135.8	3.7%	15.5%	9.6%
Home Furnishings	52.8	9.0%	5.3%	15.6%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	-3.6%	5.4%
Quick-Service Restaurants	129.7	14.3%	15.3%	15.9%
Service Stations	305.5	87.9%	54.5%	51.4%
Specialty Stores	59.3	-24.0%	-20.3%	-8.1%
Total All Accounts	1,890.6	12.4%	18.5%	20.1%
County & State Pool Allocation	375.9	13.2%	19.3%	22.4%
Gross Receipts	2,266.5	12.6%	18.7%	20.4%
City/County Share	(56.7)	-12.6%		
Net Receipts	2,209.8	12.6%		