



First Quarter Receipts for Fourth Quarter Sales (October - December 2012)

# Contra Costa County In Brief

Receipts for the unincorporated area's October through December sales were 5.4% higher than the same quarter one year ago. Actual sales activity was down 0.4% when reporting aberrations were factored out.

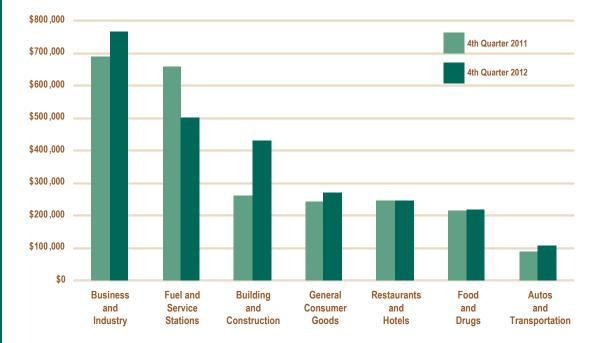
Receipts from service stations, contractors, and light industrial printers were inflated by onetime allocation adjustments. The county experienced a strong sales quarter for energy/utilities, repair shop/equipment rentals and suppliers of building materials. The increase in drugs/chemicals was exaggerated by a onetime accounting adjustment.

The unincorporated area's allocation from the countywide use tax pool increased overall results.

Most of the gain was offset by a onetime accounting adjustment that reduced receipts for petroleum products/chemicals.

Adjusted for aberrations, taxable sales for all of Contra Costa County increased 6.4% over the comparable time period, while the Bay Area as a whole was up 6.2%.

# SALES TAX BY MAJOR BUSINESS GROUP



# TOP 25 PRODUCERS

In Alphabetical Order

Huawei

Technologies

Hunt & Sons

Alamo Shell Kiewit Power Constructors **BDV Chevron New York Times** Cab West/Volvo Sales Leasing Pallet Companies Chevron Patterson Dental County Asphalt Supply Dow Jones & Peasants Courtyard Company Rotten Robbie Five Star Gas & Grocerv Safeway Safeway Gas General Electric Sams Club Henkel Corporation

> Shell Tower Mart Walgreens

Kensington Chevron Wesco Distribution

## REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

7,149,501 980,058 775	\$7,638,687 1,010,073
	, ,
775	
113	3,508
3,130,333	\$8,652,269
2,269,494	2,462,010
0,399,827	\$11,114,279
2,599,957)	\$(2,778,570)
	2,269,494 0,399,827

#### **Statewide Results**

Statewide sales tax receipts for October through December sales were up 3.4%; however, net of onetime payment aberrations, actual sales increased 6.1% compared to the same sales period in 2011.

The autos and transportation group, led by continued strong sales of new cars and light trucks, recorded another quarter of robust increases over prior year results and accounted for 26% of the adjusted statewide gain. For many general consumer goods retailers the holiday sales season can be the difference between a profit and a loss for the year. This group bested yearago receipts by 4.3%. Business and industry totals again included tax receipts from a variety of alternative energy projects. Heavy industrial, office equipment and office supplies/furniture also contributed to the group's 5.3% increase. Restaurant dining remained popular as overall sales moved up 5.7%, with most of the increase going to full and quick-service operators. Higher prices at the pump bolstered returns for fuel and service stations which posted a 2.1% rise, even as gasoline consumption for the period trended down. Receipts for building and construction increased 5.3%, while food and drugs gained 1.5%. County use tax pool totals were buoyed by receipt of previously uncollected taxes on internet sales.

#### First Full Quarter for AB 155

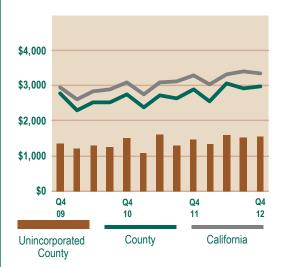
AB 155 expanded the definition of nexus to include out-of-state sellers with statewide annual sales of \$1M or more and who have in-state affiliates providing services tied to those out-of-state sales. Effective September 15, 2012 companies meeting these criteria were required to collect California sales and use tax.

The 26 companies HdL has identified to date as falling under AB 155's criteria produced slightly over \$12M in local one-cent sales tax revenues in the fourth quarter of 2012. It is estimated that this will translate into annual revenues of about \$0.80 per capita. To date, the revenues are being allocated to all jurisdictions in California via the countywide use tax allocation pools. Each city and county receives its proportionate share of the pool based on its ratio of taxable sales.

Past deal making by high volume retailers suggests that new revenues could eventually be redirected to just a few agencies in exchange for sales tax rebates as more out-of-state companies decide where to locate their in-state distribution warehouses. Online sellers already located in the state have negotiated rebates as high as 85% of the local sales tax they collect.

S.336/HR.684, the Federal Marketplace Fairness Act, would provide a uniform approach to allowing all states to require online and remote sellers to collect sales taxes. The bills are strongly supported by a coalition of national retailers and local governments but are opposed by eBay and anti-tax groups. Although the Sentate has adopted a resolution of support, the bills themselves have not been formally acted upon in either the Senate or House of Representatives.

# SALES PER CAPITA



### CONTRA COSTA COUNTY TOP 15 BUSINESS TYPE

	Unincorporated County		County	HdL State
Business Type	Q4 '12*	Change	Change	Change
Clubs/Amusement Places	57.8	3.2%	31.8%	6.6%
Contractors	350.8	76.5%	34.6%	2.0%
Discount Dept Stores	— CONF	— CONFIDENTIAL —		4.4%
Drug Stores	44.9	-2.4%	-3.3%	-4.5%
Electrical Equipment	57.5	39.9%	-22.5%	4.5%
Energy/Utilities	85.0	-10.1%	112.9%	72.1%
Grocery Stores Beer/Wine	42.4	1.7%	3.1%	2.5%
Grocery Stores Liquor	106.1	-0.1%	-0.6%	-17.6%
Light Industrial/Printers	291.9	40.2%	13.2%	-3.8%
Medical/Biotech	88.1	5.4%	-9.1%	-12.0%
Repair Shop/Equip. Rentals	72.1	-20.2%	-3.8%	8.5%
Restaurants Liquor	76.3	20.8%	15.0%	8.0%
Restaurants No Alcohol	80.0	-10.1%	-2.7%	5.1%
Service Stations	517.1	11.3%	6.3%	2.8%
Specialty Stores	48.4	21.0%	1.1%	-0.6%
Total All Accounts	\$2,542.5	5.7%	3.5%	2.0%
County & State Pool Allocation	377.1	7.4%		
Gross Receipts	\$2,919.5	5.9%		
City/County Share	830.8	3.5%		
Net Receipts	\$3,750.3	5.4%		*In thousands