Q1 2013

Contra Costa County Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2013)

Contra Costa County In Brief

Sales and use tax receipts from the county's unincorporated area were 5.7% above the same sales period one year earlier but reporting aberrations skewed the data. Excluding anomalies, actual sales were up 1.5%.

The disparity between receipts and actual economic activity was mainly due to reporting aberrations in the business and industry and fuel and service station groups that simultaneously exaggerated receipts this year and temporarily lowered prior year amounts. These shifts occurred mainly in the petroleum products/equipment, drugs/chemicals and light industrial/ printers categories.

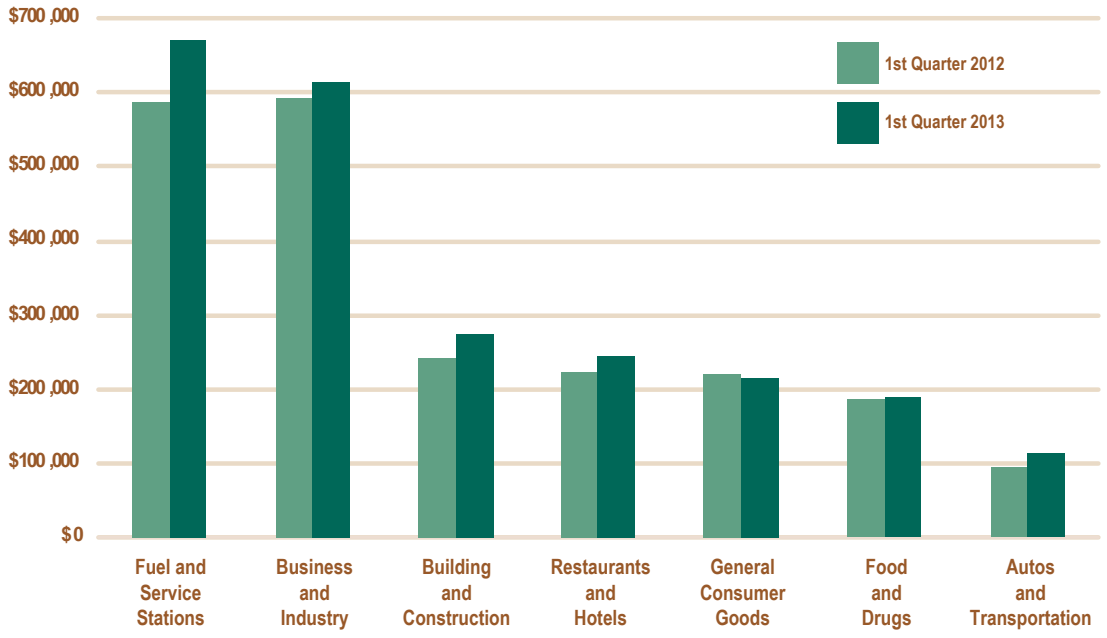
Multiple business types in the building & construction, autos & transportation and restaurants & hotels groups showed "real" increases.

Cash receipts from general consumer goods fell, but net of accounting adjustments, the group showed moderate gains.

The county's allocation from the countywide use tax pool was down after an unusually large use tax payment inflated year-ago totals.

With accounting adjustments factored out, all of Contra Costa County was up 5%; statewide sales grew 6.5%.

Sales Tax by Major Business Group



Top 25 Producers

In Alphabetical Order

- Alamo Hardware
- Alamo Shell
- Albemarle Corporation
- BDV Chevron
- C & H Sugar
- Chevron
- County Asphalt
- Criterion Catalysts Technologies
- Dow Jones & Company
- General Plumbing Supply
- Graybar Electric
- Huawei Technologies
- Hunt & Sons
- Kie Con
- New York Times Sales
- Patterson Dental Supply
- Rotten Robbie
- Safeway
- Safeway Gas
- Sams Club
- Shell
- Tesoro Refining & Marketing
- Tower Mart
- Walgreens
- Wesco Distribution

Revenue Comparison

Four Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	$9,298,664	$9,958,738
County Pool	1,327,692	1,326,132
State Pool	3,105	5,215
Gross Receipts	$10,629,461	$11,290,085
Cty/Cnty Share	2,987,683	3,226,203
Net Receipts	**$13,617,144**	**$14,516,288**
Less Triple Flip*	$(3,404,286)	$(3,629,072)

**Reimbursed from county compensation fund*

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NOTES

California Overall

After adjusting for payment aberrations, statewide sales tax receipts for January through March sales were 6.5% higher than the same period in 2012.

Strong sales for apparel, department stores and big box discounters lifted general consumer goods and accounted for 23% of the statewide increase. Improvements in the housing sector pushed building and construction sales up 8.6%. Continued robust sales of new automobiles led to a 9.3% increase over the comparable quarter. Reduced consumption combined with lower gasoline prices cut fuel and service station returns in the first quarter by 2.7%.

Energy Projects Boost Business and Industry Gains

Taxes from construction of solar, wind, biomass and geothermal power projects accounted for 39% of California's business–to-business sales this quarter and produced significant windfalls for a handful of local agencies.

This temporary boost in revenues came from the federal government's goal of doubling the nation's renewable energy production in three years and from California's SB 2X which was signed in April of 2011 and calls for 33% of all retail electricity sales to be from renewable energy sources by 2020. Joint federal and state funding efforts to meet these goals have resulted in the initiation of more than a dozen utility-scale solar energy projects and over 130 renewable power plant projects in California.

Intermittent quarterly spikes in sales and use tax receipts from projects under construction or in the pipeline are expected for another two years.

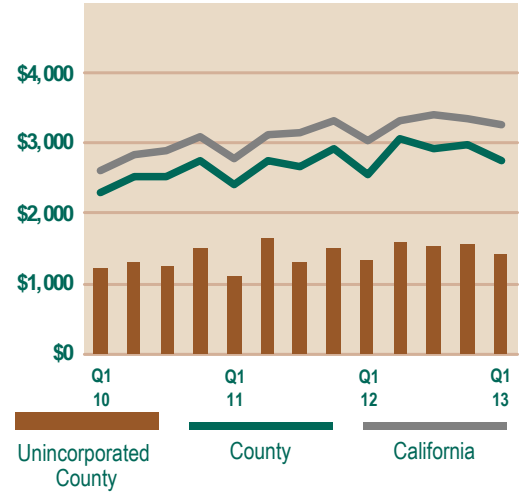
Decline in Fuel Consumption Continues

According to the most recent data from the State Board of Equalization, California's gasoline usage fell 1.7% while diesel consumption eased 0.4% in the fourth quarter of 2012 from 2011 levels. This continues a decline that began in 2005 and which is almost twice the nationwide drop.

Historically, economic conditions have been the primary driver in fuel usage, however other factors are becoming increasingly prevalent. Nationally, total vehicle miles traveled have dropped eight years in a row as aging drivers travel fewer miles and the millennial generation, focused on social networking technology, is driving less than previous generations. Increased fuel efficiency is also at play with the average new car achieving 16% more miles per gallon than just five years ago and some commercial trucking fleets shifting to natural gas.

Until recently, price increases have offset consumption declines. The price gains were partly the result of California refineries exporting their finished product to emerging economies with higher demand and also by periodic refinery and transmission interruptions in the state's limited production infrastructure.

Sales Per Capita



Contra Costa County Top 15 Business Type

Business Type	Unincorporated County Q1 '13*	Unincorporated County Change	County Change	HdL State Change
Contractors	180.5	-2.1%	73.8%	6.0%
Discount Dept Stores	— CONFIDENTIAL —		3.8%	5.1%
Drug Stores	43.2	8.3%	5.1%	3.0%
Drugs/Chemicals	58.2	59.5%	53.8%	3.5%
Electrical Equipment	47.0	-37.1%	5.8%	4.8%
Garden/Agricultural Supplies	44.0	17.2%	22.3%	11.9%
Grocery Stores Liquor	77.2	6.8%	8.8%	24.7%
Leisure/Entertainment	46.1	5.2%	-14.1%	14.0%
Light Industrial/Printers	207.5	34.2%	5.7%	6.8%
Medical/Biotech	86.5	15.9%	6.7%	2.6%
Petroleum Prod/Equipment	162.8	21.5%	-30.7%	-3.4%
Repair Shop/Equip. Rentals	62.2	-26.1%	12.8%	-0.9%
Restaurants Liquor	87.8	33.2%	8.2%	6.5%
Restaurants No Alcohol	72.4	-6.9%	9.4%	6.0%
Service Stations	499.0	12.8%	9.9%	-2.2%
Total All Accounts	**$2,320.1**	**8.0%**	**8.7%**	**5.7%**
County & State Pool Allocation	**317.8**	**-9.2%**		
Gross Receipts	**$2,637.8**	**5.5%**		
City/County Share	**764.2**	**6.4%**		
Net Receipts	**$3,402.0**	**5.7%**		

*In thousands