

Q3
2013



Contra Costa Co. Uninc Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2013)

Contra Costa County In Brief

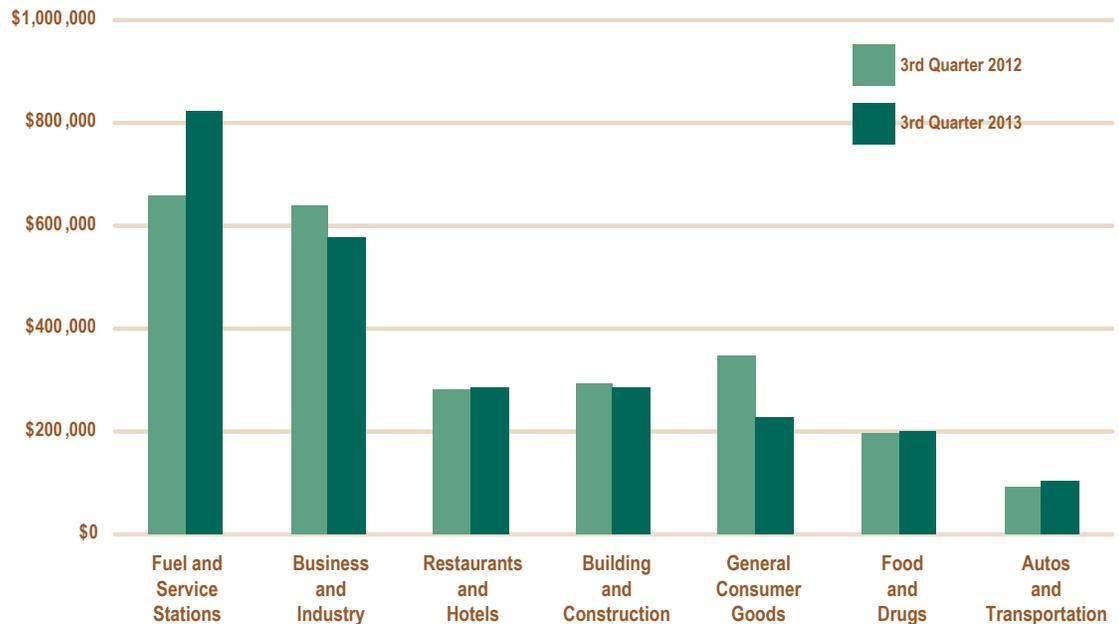
The allocation of sales and use taxes for July through September sales in the unincorporated area was 1.3% higher than the same quarter one year ago, but payment anomalies skewed the comparison. Actual sales activity was 8.2% lower when aberrations were excluded.

Sales increased from lumber/ building materials and several categories of business to business transactions. A recent addition contributed to gains from the food and drugs group. A recovery garnered by the county's on-going point of sale audit program spiked postings from petroleum products and equipment.

The completion of a major construction project that generated one-time use tax payments due in the year-ago period for capital equipment purchases was a major factor for the decline in contractor supplies and the business and industry group. Accounting events depressed results from general consumer goods, but inflated comparisons for the automotive group.

Adjusted for reporting anomalies, taxable sales for all of Contra Costa County, including its cities rose 5.3% over the same period; Bay Area totals were up 5.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Alamo Hardware	Hunt & Sons
Alamo Shell	Nantucket
Bay Counties	New York Times
Pitcock	Sales
Petroleum	Patterson Dental
BDV Chevron	Supply
Brickyard Building	Roofing Supply
Materials	Group
C & H Sugar	Safeway
Chevron	Safeway Gas
County Asphalt	Sams Club
Criterion Catalysts	Shell
Technologies	Tower Mart
Dow Jones &	United Rentals
Company	Valero
General Plumbing	Wesco Distribution
Supply	
Graybar Electric	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$5,096,229	\$4,940,146
County Pool	634,878	726,737
State Pool	1,636	2,708
Gross Receipts	\$5,732,742	\$5,669,591
Cty/Cnty Share	1,631,223	1,665,212
Net Receipts	\$7,363,965	\$7,334,803
Less Triple Flip*	\$(1,840,991)	\$(1,833,701)

*Reimbursed from county compensation fund

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter was temporarily reduced by a state computer glitch that failed to fully fund receipts from sellers of building and construction supplies. Actual sales activity was up 5.8% over last year's comparable quarter after adjusting for this and other aberrations. Overall performance was generally similar throughout most regions of the state.

New and used auto sales and leases again grew at double digit rates and were the primary contributor to the quarter's statewide growth. With on-line sales remaining strong and more businesses reporting due to the state's new out-of-state reporting requirements, countywide pool allocations became the second largest portion of this quarter's overall increase. Recovering building and construction activity was also significant with a 9.7% gain after adjusting for the delayed allocations.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the third consecutive quarter.

Local Sales Tax Measures

Ten of twelve proposals for sales tax add-ons were approved in November as voters continued to support funding local services where they have more input and control.

New taxes were approved in Antioch, Corte Madera, Huron, Larkspur, San Anselmo and Scotts Valley. Existing add-ons were either increased or extended in El Monte, Rohnert Park, San Rafael and Stockton.

This brings the total number of city transactions and use tax districts to 135 and countywide districts to 44. Additional measures are expected to appear on local ballots in 2014.

Tax Rebates

Effective January 1, AB 562 (Williams) requires public notice and hearings on economic subsidies exceeding \$100,000. Identification of beneficiaries of the subsidy, the amounts, the beginning and ending dates and promised tax and job benefits are required as are periodic updates.

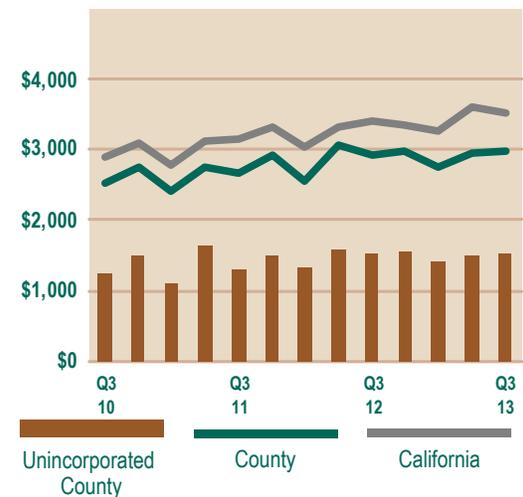
As on-line sales divert a greater portion of tax revenues from business and consumer purchases to centralized fulfillment centers, rebates of up to 85% are being bid in exchange for being the "point of sale" for the remainder. This bill encourages deeper evaluation of agreements that are collectively transferring an alarming share of statewide local sales tax to corporate bottom lines while cutting revenues for public services.

Holiday Sales Tax Shifts

Local tax receipts from fourth quarter sales will not be seen until March but may differ from previous years. Some forecasters predicted that on-

line shopping would account for up to 40% of holiday sales which would transfer that portion of the tax from stores to central fulfillment centers or county allocation pools. Final tax results from holiday spending will be pushed into June based on a National Retail Federation survey that showed 80% of shoppers gave at least one gift card. Tax is not charged until a gift card is redeemed.

SALES PER CAPITA



CONTRA COSTA COUNTY TOP 15 BUSINESS TYPE

*In thousands	Unincorporated County		County	HdL State
Business Type	Q3 '13*	Change	Change	Change
Casual Dining	78.9	-3.9%	3.6%	3.1%
Contractors	187.1	-10.4%	2.2%	11.0%
Discount Dept Stores	— CONFIDENTIAL —		-9.3%	-8.1%
Electrical Equipment	52.6	6.3%	12.0%	-2.7%
Garden/Agricultural Supplies	58.3	7.1%	10.7%	8.6%
Grocery Stores Beer/Wine	42.3	-10.9%	-1.8%	-2.5%
Grocery Stores Liquor	85.7	0.5%	-1.7%	-9.8%
Leisure/Entertainment	64.3	-1.6%	-0.1%	3.5%
Light Industrial/Printers	182.7	-0.3%	20.4%	3.0%
Lumber/Building Materials	49.5	24.2%	-15.6%	-15.8%
Medical/Biotech	64.7	-22.7%	6.0%	1.0%
Petroleum Prod/Equipment	321.5	130.5%	24.2%	-7.1%
Quick-Service Restaurants	80.6	-1.9%	1.4%	4.1%
Repair Shop/Equip. Rentals	89.6	27.8%	23.4%	10.8%
Service Stations	494.0	-3.7%	0.2%	-1.5%
Total All Accounts	\$2,503.3	-0.3%	2.8%	2.5%
County & State Pool Allocation	\$379.7	6.2%	9.4%	12.5%
Gross Receipts	\$2,883.0	0.5%	3.6%	3.5%
City/County Share	839.2	3.9%		
Net Receipts	\$3,722.3	1.3%		