

Q2 2019

LIVERMORE

City of Livermore Sales Tax *Update*

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

Livermore In Brief

Livermore's receipts from April through June were 19.4% 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.

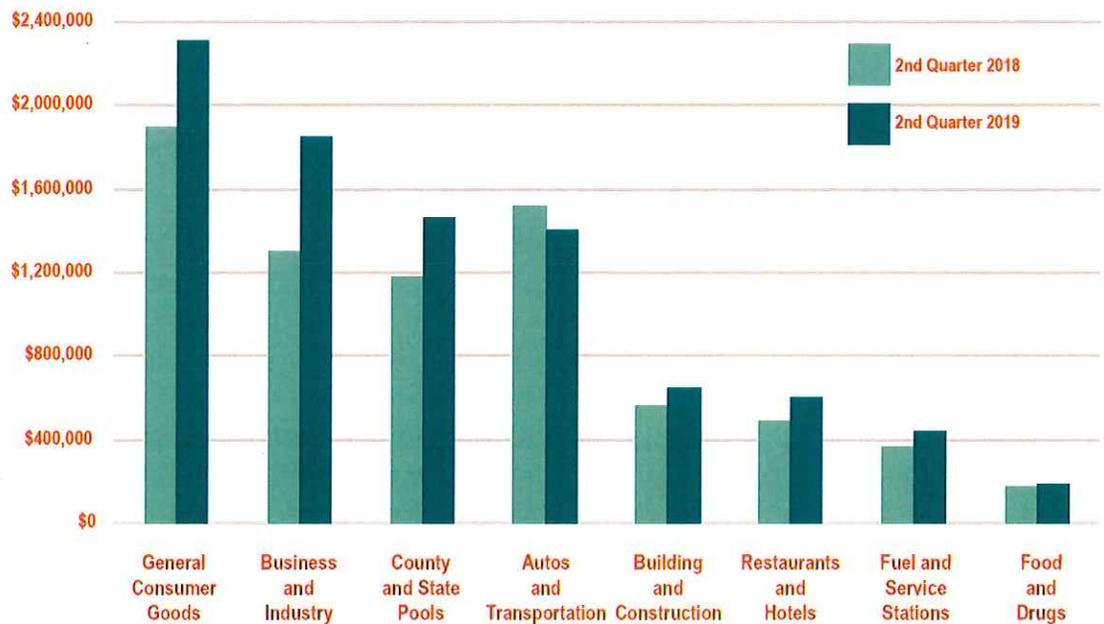
Excluding reporting aberrations, actual sales were up 6.5%.

A spike in sales in business-industry this quarter and sluggish sales in the comparison quarter resulted in gains of 16.6%, after accounting for anomalies. A large audit adjustment in the comparison quarter hid the gains for new motor vehicles, which otherwise posted gains of 4.9%, outpacing the statewide slowing trend in this category. General consumer goods were a mixed bag, strong sales boosted family apparel while other categories saw declines; overall general consumer goods posted gains of 4.1%, after accounting for anomalies.

The Alameda countywide pool was also affected by reporting irregularities which inflated results. The real growth in the pool was a result of the continued trend of online shopping.

Net of aberrations, taxable receipts for all of Alameda County grew 0.3% over the comparable time period; the Bay Area was up 2.0%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Alere Home Monitoring	Michael Kors
AMS Net	Mobile Modular Management
Coach	Platt Electric Supply
Costco	Porsche Livermore
Gillig	Safeway
Gucci	Safeway Fuel
Home Depot	Target
JA Momaney Services	Tommy Hilfiger
Livermore Ford	Tory Burch
Livermore Lincoln	Toyota Material Handling
Livermore Honda	US Foodservice
Livermore Toyota & Scion	Walmart
Lows	Waxies

REVENUE COMPARISON

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

	2017-18	2018-19
Point-of-Sale	\$27,644,167	\$30,808,839
County Pool	4,578,795	5,566,734
State Pool	15,910	15,818
Gross Receipts	\$32,238,873	\$36,391,390

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.

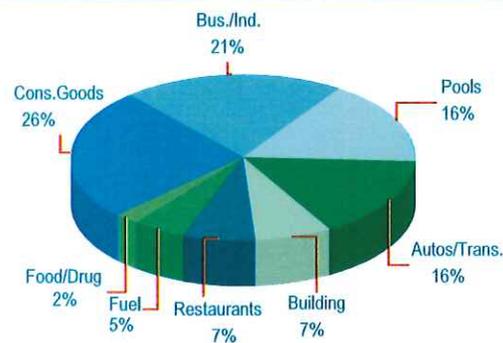
AB 147 requires out-of-state retailers with annual combined sales of \$500,000 or more to now collect and remit this state's sales and use tax from its customers. Applying the \$500,000 threshold to the sum total of all the third-party transactions that facilitators process for their clients, is hoped 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
Livermore This Quarter



LIVERMORE TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Livermore Q2 '19*	Change	County Change	HdL State Change
Building Materials	339.8	48.5%	36.1%	34.1%
Casual Dining	333.1	25.9%	25.3%	24.5%
Contractors	170.0	-33.2%	16.5%	26.8%
Discount Dept Stores	— CONFIDENTIAL —	—	22.8%	26.3%
Family Apparel	783.7	27.6%	41.7%	45.3%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	-8.6%	33.7%
Heavy Industrial	266.3	87.8%	31.0%	42.4%
New Motor Vehicle Dealers	882.3	-12.3%	-18.0%	5.4%
Quick-Service Restaurants	173.9	6.9%	19.6%	15.9%
Service Stations	440.6	21.5%	49.3%	51.4%
Shoe Stores	203.1	1.1%	1.4%	9.2%
Specialty Stores	165.9	34.3%	-6.1%	-8.5%
Trailers/Auto Parts	— CONFIDENTIAL —	—	199.0%	78.5%
Trailers/RVs	— CONFIDENTIAL —	—	9.9%	6.9%
Women's Apparel	260.4	17.9%	17.9%	5.7%
Total All Accounts	7,502.3	18.5%	17.6%	20.1%
County & State Pool Allocation	1,464.3	23.8%	22.9%	22.4%
Gross Receipts	8,966.6	19.4%	18.5%	20.4%