

# Q4 2019

LIVERMORE

# City of Livermore Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2019)

## Livermore In Brief

Livermore's adjusted basis receipts from October through December were 5.7% above the fourth sales period in 2018.

Holiday spending was a winner; general consumer goods outperformed regional and state trends. Improved returns came from shoe, specialty and family apparel stores.

Other positives included dealership growth in new vehicles sales. Heavy industrial companies had more orders; opening of a new eatery added to the quick-service restaurants tax base.

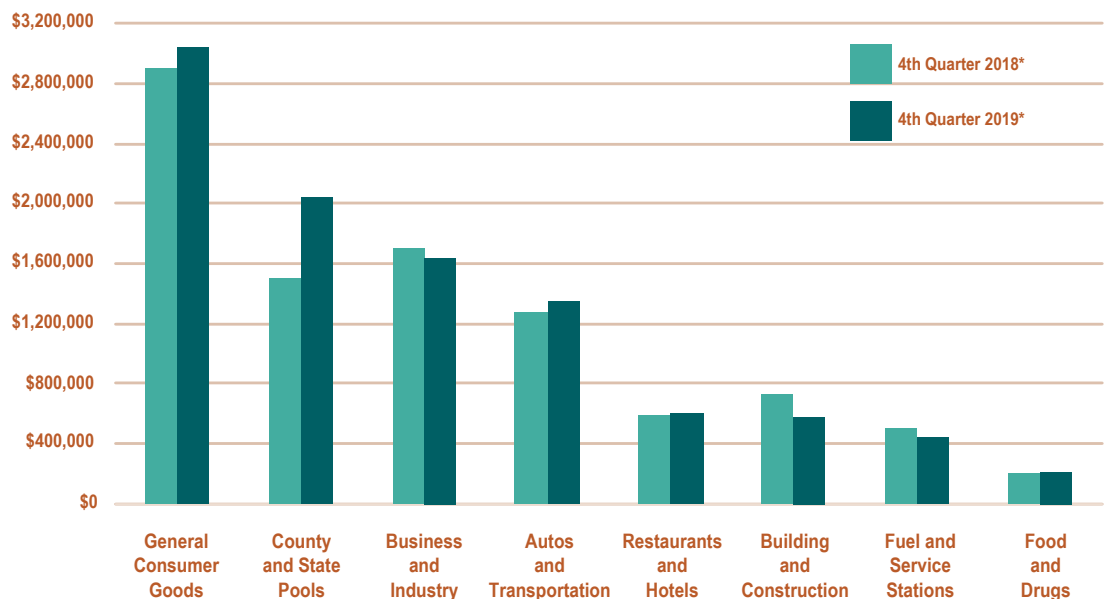
A taxpayer transposition of filing amounts owed to another agency in error triggered the decline from contractors; a future correction is expected. Returns owed for the current quarter were not remitted timely; service station comparisons reflected this omission.

Full implementation of AB 147 (Wayfair- Marketplace Facilitators) boosted the City's allocation from the countywide use tax pool by 36% which created the overall favorable outcome.

Cash receipts totals included a multi-quarter audit correction for back taxes that was finally resolved in Livermore's favor.

Net of aberrations, taxable sales for all of Alameda County grew 1.5% over the comparable time period; the Bay Area was up 3.9%.

## SALES TAX BY MAJOR BUSINESS GROUP



\*Allocation aberrations have been adjusted to reflect sales activity

### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Burberry Limited	Polo Ralph Lauren
Coach	Porsche Livermore
Costco	Safeway
Gillig	Safeway Fuel
Gucci	Target
Home Depot	Tommy Hilfiger
Jifco	Tory Burch
Livermore Ford	Toyota Material Handling
Livermore Honda	US Foodservice
Livermore Toyota & Scion	Vans
Lowe's	Walmart
Michael Kors	Waxies
Mobile Modular Management	

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date (Q3 to Q4)

	2018-19	2019-20
Point-of-Sale	\$16,585,239	\$15,968,222
County Pool	2,852,854	3,455,591
State Pool	8,530	7,416
<b>Gross Receipts</b>	<b>\$19,446,623</b>	<b>\$19,431,229</b>

**California Overall**

Statewide sales and use tax receipts from 2019's fourth quarter were 4.2% higher than last year's holiday quarter after factoring for accounting anomalies.

The increase came from the acceleration in online shopping which generated huge gains in the countywide use tax pools for merchandise shipped from out-of-state and from California based fulfillment warehouses in those cases where the warehouse is also point-of-sale. This segment was further boosted by the first full quarter of California's implementation of the Wayfair vs South Dakota ruling that requires out-of-state retailers to collect and remit sales tax on merchandise sold to California customers. The ruling has led to an increase in sales tax receipts of roughly \$2.95 per capita while also producing double digit gains for in-state online fulfillment centers.

In contrast, soft sales and closeouts resulted in a decline in almost every category of brick-and-mortar spending during the holiday season while new cannabis retailers helped boost what would have been a soft quarter for the food-drug group. Most other sales categories including new cars and business-industrial purchases were also down. Restaurant group gains were modest compared to previous quarters.

Overall, the rise in county pool receipts offset what would have been otherwise, a flat or depressed quarter for most jurisdictions.

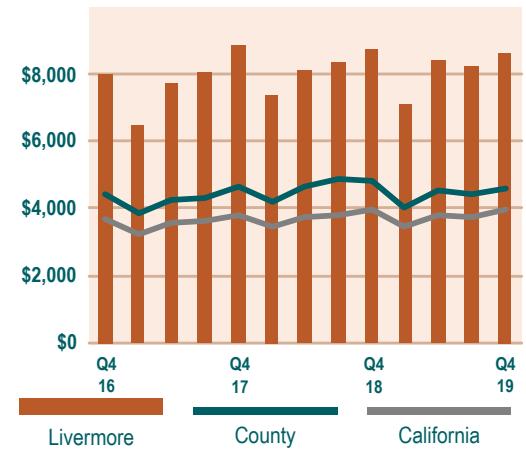
**Covid-19**

The coronavirus impact will first be seen in next quarter's data reflecting January through March sales. Based on recovery rates being reported in some Asian countries, the virus's disruption of supply chains will be deepest in the first and second quarter and largely resolved by mid-summer. However, recovery from social distancing and home confinements could take longer

with the deepest tax declines expected in the restaurant/hospitality, travel/transportation and brick-and-mortar retail segments. Layoffs and furloughs are also expected to reduce purchases of new cars and other high cost durable goods. The losses from the state's high-tech innovation industries may be more modest while the food-drug and online retail groups could exhibit increases.

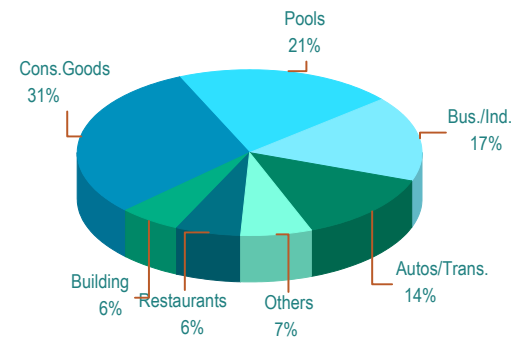
Assuming that the virus is largest contained by the end of September, HdL's economic scenario projects that tax declines will bottom out in the first quarter of 2021 but with only moderate gains for several quarters after. Data from previous downturns suggests that the return to previous spending is not immediate and often evolves. Businesses emerge with ways to operate with fewer employees and more moderate capital investment. Consumers take time to fully get back to previous levels of leisure travel, dining and spending and may permanently transfer to newly discovered services, activities and/or online retail options.

**SALES PER CAPITA\***



\*Allocation aberrations have been adjusted to reflect sales activity

**REVENUE BY BUSINESS GROUP  
Livermore This Quarter\***



\*Allocation aberrations have been adjusted to reflect sales activity

**LIVERMORE TOP 15 BUSINESS TYPES\*\***

Business Type	Livermore		County	HdL State
	Q4 '19*	Change	Change	Change
Building Materials	309.1	-13.2%	0.7%	1.4%
Casual Dining	316.8	0.9%	4.2%	3.8%
Contractors	142.1	-40.1%	-15.6%	-4.4%
Discount Dept Stores	— CONFIDENTIAL —	—	3.1%	3.6%
Family Apparel	1,073.4	8.2%	2.1%	1.3%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	-8.2%	-2.0%
Heavy Industrial	310.4	21.8%	6.3%	-3.2%
Light Industrial/Printers	135.6	-20.3%	-3.7%	-7.4%
New Motor Vehicle Dealers	901.3	7.1%	-10.4%	-3.4%
Quick-Service Restaurants	195.0	6.6%	-0.4%	1.9%
Service Stations	433.4	-12.4%	-4.0%	0.2%
Shoe Stores	264.9	8.3%	2.7%	-0.3%
Specialty Stores	193.1	5.9%	-3.0%	-3.8%
Trailers/Auto Parts	— CONFIDENTIAL —	—	41.0%	21.2%
Women's Apparel	317.4	-1.7%	-5.0%	-4.8%
<b>Total All Accounts</b>	<b>7,882.5</b>	<b>-0.1%</b>	<b>-3.6%</b>	<b>0.2%</b>
<b>County &amp; State Pool Allocation</b>	<b>2,038.5</b>	<b>36.3%</b>	<b>28.7%</b>	<b>26.7%</b>
<b>Gross Receipts</b>	<b>9,921.0</b>	<b>5.7%</b>	<b>1.5%</b>	<b>4.2%</b>

\*\* Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.