

Q1 2020

LIVERMORE

City of Livermore Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2020)

Livermore In Brief

Livermore's receipts from January through March were 8.8% below the first sales period in 2019. Excluding reporting aberrations, actual sales were down 3.8%.

Numerous segments in general consumer goods and restaurants/hotels reported lower taxes; the mid-March shelter in place directive required many retailers to temporarily close their doors immediately. Related, dealerships sold fewer new vehicles.

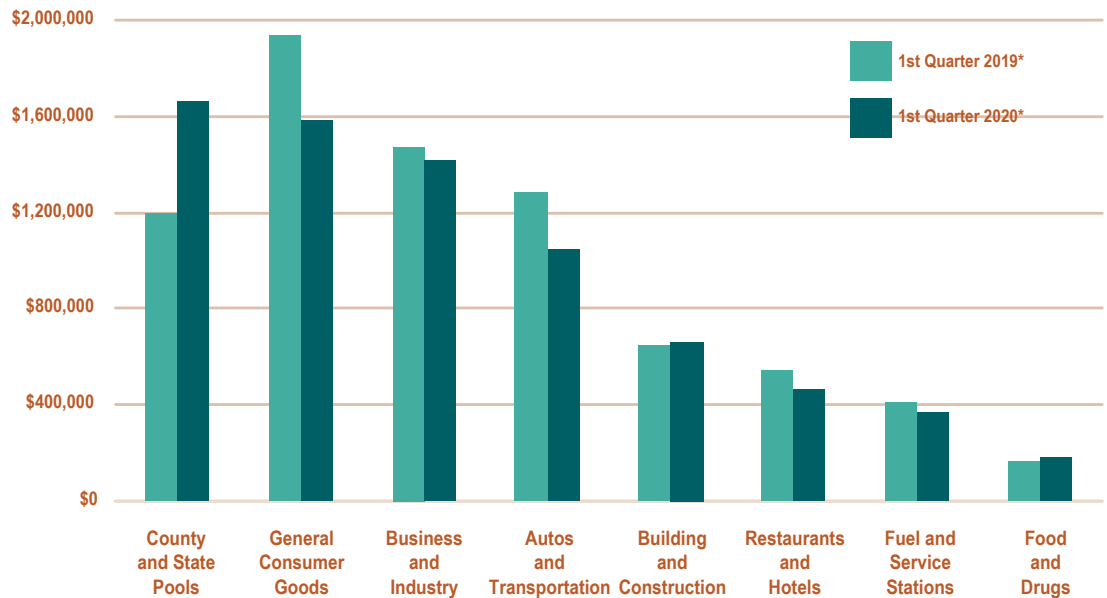
Stay at/work from home orders triggered far fewer miles traveled; the drop in consumption combined with a worldwide plunge in fuel prices explained the decrease from service stations.

Pool results were boosted by sharply higher receipts from online shopping as a result of the Wayfair decision and implementation of the marketplace facilitator provision that required additional out of state companies to collect sales tax.

The drop in cash receipts was masked by a State distribution error; \$397,000 was received as a duplicate audit recovery payment that is expected to be reversed in August.

Net of aberrations, taxable sales for all of Alameda County declined 4.4% over the comparable time period; the Bay Area was down 2.9%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

AMS Net	Macpherson
Coach	Western Tool Supply
Costco	Mobile Modular Management
Dell Marketing	Porsche Livermore
Gillig	Safeway
Gucci Outlet	Safeway Fuel
Home Depot	Target
JA Momaney Services	Toyota Material Handling
Jifco	US Foodservice
Livermore Ford	Vans
Livermore Honda	Veritiv Operating Company
Livermore Toyota & Scion	Walmart
Lowe's	Waxies

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date (Q3 to Q1)

	2018-19	2019-20
Point-of-Sale	\$23,306,545	\$21,643,144
County Pool	4,105,762	5,052,799
State Pool	12,457	12,695
Gross Receipts	\$27,424,764	\$26,708,637

Statewide Results

With stay at home/non-essential business restrictions in place during the last two weeks of the quarter, local one cent tax revenues for the state overall, were 18.8% lower than January to March of 2019. Taxpayer relief programs accounted for much of the decline with receipts down roughly 3.1% after factoring for payment deferrals and other accounting anomalies.

Severe drops in auto sales, general consumer goods, service stations and restaurants were largely offset by new revenue from implementation of the Wayfair v. South Dakota decision that now requires out-of-state retailers to collect and remit Californian's sales and use tax. Other offsets included a surge in online shopping that boosted receipts from the county use tax allocation pools and from online retailers who maintain and ship their inventory from within California.

The food/drug sector also showed strong gains as did many home supply, dollar and discount stores that remained open during the shutdown.

New Challenges & Opportunities

Current indicators suggest that overall tax receipts for the April thru June sales period will bottom out at 27% below the second quarter of 2019. The speed of the rebound in sales activity will be dependent on the availability of adequate testing, treatment therapies and ultimately a vaccine. Until then, physical distancing, COVID-19 protocols and supply chain disruptions will create limitations on some operating capacities and the return to work of all employees. Health fears, discounts and liquidation sales may also keep sales tax revenues below pre-pandemic levels until solutions are in place.

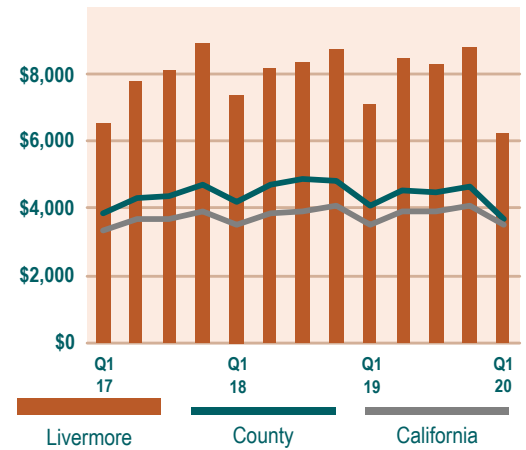
Regardless of when full recovery does occur, reports are that some elements of the economy will be permanently altered. Generation of future tax revenues may require rethinking of local economic strategies.

Over expansion, excessive debt and consumer shifts to online shopping were already resulting in bankruptcies with estimates of up to 25,000 brick-and-mortar store closings by the end of 2020. "Touch and feel" shopping is not going away but retailers see an evolution where in-store shopping is more leisure/recreational oriented with smaller stores offering more show-rooming and delivery/pick-up services. The smaller footprints and lifestyle emphasis offer opportunities to reinstate downtowns and neighborhood centers as economic/social gathering places.

The Pandemic's capture of new online customers and the growing trend of manufacturers and entrepreneurs with new concepts to bypass physical stores and sell directly to the consumer also expands options for agencies without large market populations to generate sales tax through industrial development.

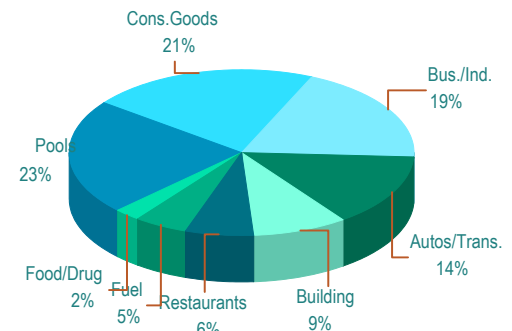
Finally, the Pandemic's disruption of supply chains has also accelerated growing dissatisfaction with overseas arrangements and some reshoring will occur which offers opportunities to leverage a city's existing business base to attract compatible support industries.

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	*In thousands of dollars			
	Livermore Q1 '20*	Change	County Change	HdL State Change
Building Materials	282.3	-3.9%	-0.4%	2.9%
Casual Dining	241.1	-19.7%	-18.3%	-19.2%
Contractors	257.9	12.6%	-7.8%	2.8%
Discount Dept Stores	— CONFIDENTIAL —	—	3.5%	3.2%
Drugs/Chemicals	— CONFIDENTIAL —	—	-3.7%	-0.3%
Family Apparel	447.5	-30.8%	-28.2%	-21.8%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	-8.0%	-6.1%
Heavy Industrial	221.5	-12.3%	-2.7%	-6.6%
Light Industrial/Printers	153.3	-17.0%	-3.4%	-5.3%
New Motor Vehicle Dealers	598.2	-26.1%	-9.7%	-10.9%
Quick-Service Restaurants	152.6	-7.0%	-14.2%	-8.7%
Service Stations	361.7	-10.4%	-16.0%	-9.9%
Shoe Stores	121.0	-26.4%	-24.2%	-25.5%
Trailers/RVs	— CONFIDENTIAL —	—	-12.2%	-6.3%
Women's Apparel	133.4	-32.4%	-34.2%	-31.6%
Total All Accounts	5,719.2	-11.7%	-9.0%	-7.5%
County & State Pool Allocation	1,662.8	39.3%	20.5%	22.4%
Gross Receipts	7,382.0	-3.8%	-4.4%	-3.3%

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