

Q1 2019

LIVERMORE
CALIFORNIA

City of Livermore Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2019)

Livermore In Brief

Livermore's actual sales were down 0.4%, excluding reporting aberrations. Receipts from January through March were 16.5% above the first sales period in 2018.

Double payments hid the declines in general consumer goods which still out paced regional and state-wide trends. Shoe stores were the largest declining business type.

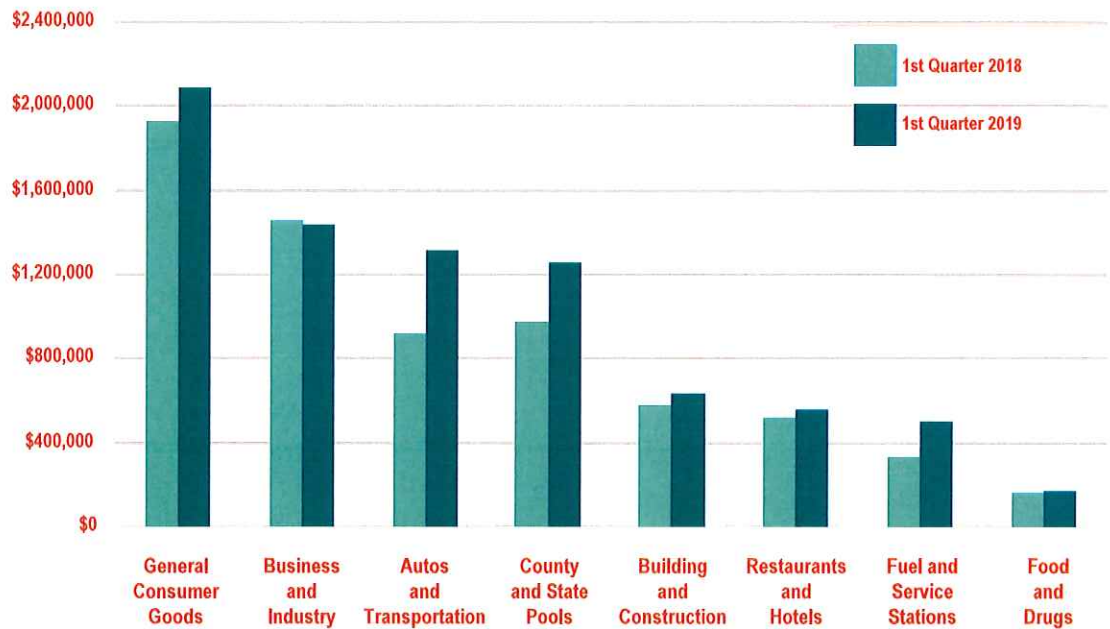
New motor vehicles results were inflated by double payments but posted gains of 2.2% after accounting for anomalies; statewide results were negative for this category.

A jumble of onetime use tax, corrections and reporting errors hid the extent the decline in business and industry, with heavy industrial, light industrial and trailers/auto parts all posting solid declines.

Similar irregularities contributed to the spike in the City's share of the countywide use tax allocation pool, service stations and food and drugs.

Net of aberrations, taxable sales for all of Alameda County declined 2.1% over the comparable time period; the Bay Area was down 0.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Livermore Toyota & Scion
AMS Net	Lowes
Coach	Mobile Modular Management
Costco	Plm Trailer Leasing
Form Factor	Porsche Livermore
Gillig	Safeway
Gucci	Target
Home Depot	Tommy Hilfiger
JA Momaney Services	US Foodservice
Jifco	Veritiv Operating Company
Kate Spade	Walmart
Livermore Ford	Waxies
Livermore Lincoln	
Livermore Honda	

REVENUE COMPARISON

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

	2017-18	2018-19
Point-of-Sale	\$21,314,247	\$23,306,545
County Pool	3,398,304	4,105,762
State Pool	13,452	12,457
Gross Receipts	\$24,726,003	\$27,424,764

Statewide Results

Local sales and use tax receipts from January through March sales were 1.0% higher than the first quarter of 2018 after factoring out accounting anomalies and back payments from previous state reporting shortfalls. This was the lowest percentage increase since first quarter, 2010.

The growth came primarily from a solid quarter for purchases related to expanding logistics, medical and technology facilities and modest gains in building-construction supplies and restaurants. Cannabis sales produced a slight uptick in the food-drug group.

Lower fuel prices and declining general consumer good purchases offset the gains. The shift to internet purchases continued with online shopping accounting for 22.3% of the total general consumer goods segment versus 20.2% one year ago. Tax receipts from new car sales exhibited significant reductions although the drop was partially offset by an upswing in used autos and auto leases.

Regional changes ranged from a decline of 2.1% to gains as high as 4.4%. However, the differences were primarily attributable to onetime projects or capital purchases and not reflective of overall economic trends.

Slower Growth Ahead?

July marks ten years of continuous economic growth which is the longest period of U.S. economic expansion on record. However, analysts from a variety of economic segments are reporting signs that we may be leveling off.

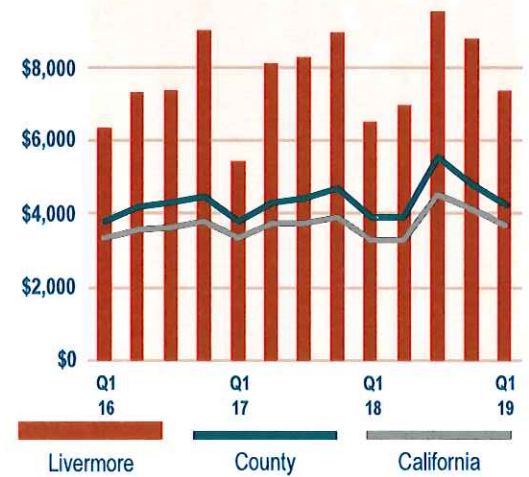
This quarter marked the eighth consecutive comparative period decline in California new car registrations with analysts noting that higher prices and a growing supply of vehicles coming off lease are making used cars more attractive. They also note that on-demand services such as Uber and Lyft are making it easier for debt-burdened millennials to avoid buying cars altogether.

Rising restaurant menu prices, renewed competition from grocer prepared meals, and cutbacks in foreign tourism appear to be reducing restaurant patronage which in recent years was one of the state's fastest growth segments. There will be an uptick in the second quarter's fuel-related tax receipts because of that period's refinery shutdowns; lower crude oil costs are expected to produce subsequent declines.

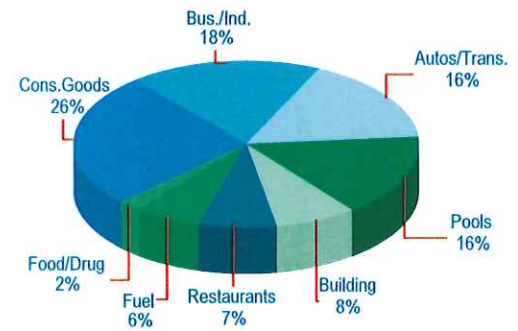
Uncertainty over U.S. tariff and trade policies plus labor shortages are delaying some investment and business expansion decisions while reduced home sales and two quarters of declining construction permit values suggest a potential future leveling in that sector. Investment in technological advances should continue and remain strong.

Economic shifts are not the only factor leveling sales tax revenues. With an economy based on intellectual technology rather than goods and consumer priorities shifting to non-taxable services and experiences, sales tax no longer reflects 21st century spending. Each year therefore, the portion of the economy that is taxed, shrinks.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Livermore This Quarter



LIVERMORE TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Livermore Q1 '19*	Livermore Change	County Change	HdL State Change
Building Materials	250.1	-7.3%	2.2%	4.0%
Casual Dining	312.8	10.9%	15.6%	13.3%
Contractors	229.1	0.3%	27.0%	4.7%
Discount Dept Stores	— CONFIDENTIAL —	—	0.6%	2.9%
Family Apparel	671.4	5.0%	5.0%	7.1%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	8.6%	11.2%
Heavy Industrial	244.5	-5.3%	-10.4%	15.4%
Light Industrial/Printers	170.6	3.1%	14.3%	13.7%
New Motor Vehicle Dealers	809.2	28.5%	-18.0%	-1.8%
Plumbing/Electrical Supplies	143.0	132.0%	8.2%	4.6%
Quick-Service Restaurants	163.9	2.7%	9.0%	10.1%
Service Stations	481.5	44.9%	14.3%	16.6%
Shoe Stores	168.5	-9.7%	-12.9%	-0.6%
Specialty Stores	141.1	35.6%	19.6%	23.4%
Women's Apparel	244.3	30.7%	7.8%	6.6%
Total All Accounts	6,721.3	14.4%	9.1%	13.5%
County & State Pool Allocation	1,256.8	29.1%	23.1%	23.8%
Gross Receipts	7,978.1	16.5%	11.1%	14.9%