

Q2 2017

LIVERMORE

City of Livermore Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2017)

Livermore In Brief

Livermore's receipts from April through June were 13.4% above the second sales period in 2016. Excluding reporting aberrations, actual sales were up 14.5%.

Recent additions to the City's business and industrial base accounted for a significant portion of the overall increase. Growth in other business to business sectors including medical/biotech also contributed.

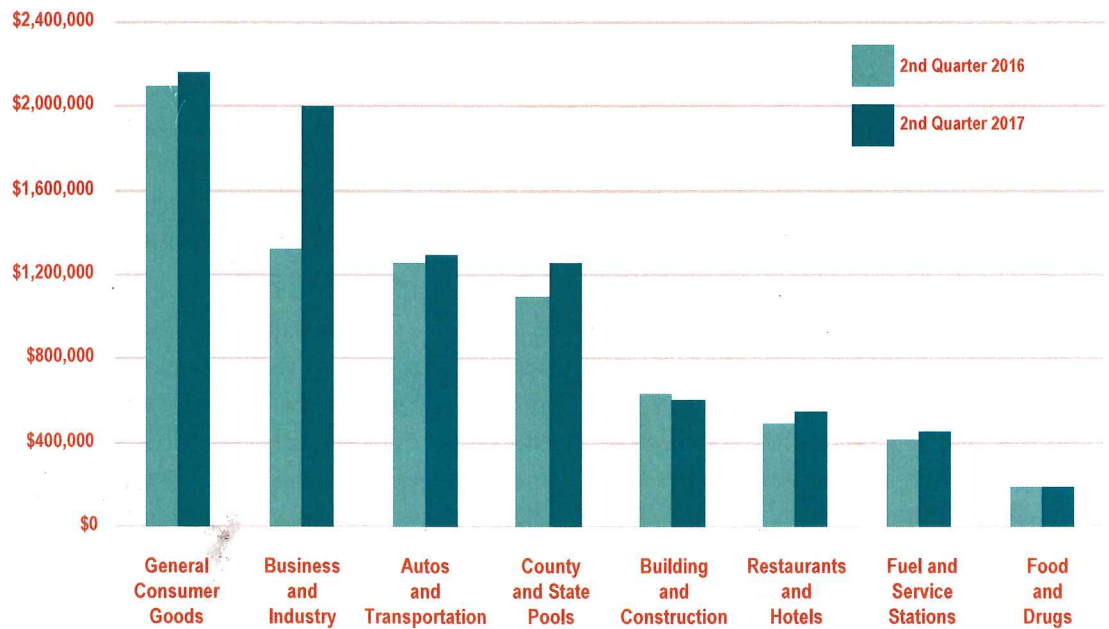
The double-digit increase in point of sale receipts boosted the City's share of the countywide use tax allocation pool. Multiple non-recurring events overstated the rise in restaurants and hotels. Recent openings contributed to the actual gain of 5.3%, however, performance in casual dining and quick-service categories trailed regional trends.

Positive sales activity in family apparel, shoe stores and several other retail segments lifted general retail as a whole.

A shift in ownership and onetime adjustments depressed returns in building and construction.

Net of aberrations, taxable sales for all of Alameda County grew 3.8% over the comparable time period; the Bay Area was up 2.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

AMS Net	Mobile Modular Management
Bauer Compressors	Nike
Coach	Officemax
Costco	Porsche of Livermore
Gillig	Quik Stop
Green 76	Safeway
Home Depot	Safeway Fuel
JA Momaney Services	Target
Livermore Audi/Subaru/Honda	Tommy Hillfiger
Livermore Ford Lincoln Mitsubishi	Toyota Material Handling
Livermore Toyota & Scion	US Foodservice
Lowes	Walmart
	Waxies

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2015-16	2016-17
Point-of-Sale	\$24,928,507	\$26,599,446
County Pool	4,055,589	4,441,697
State Pool	15,242	13,732
Gross Receipts	\$28,999,338	\$31,054,876
Less Triple Flip*	\$(3,736,094)	\$0

*Reimbursed from county compensation fund

Published by HdL Companies in Fall 2017

www.hdlcompanies.com | 888.861.0220



California Overall

Local government's one-cent share of statewide sales and use tax from transactions occurring April through June was 3.2% higher than the same quarter of 2016 after payment aberrations are factored out.

The largest percentage increases were from the countywide allocation pools, building supplies and rising fuel prices. Auto sales and restaurants continued to post solid gains. Except for value priced apparel and dollar stores, most categories of general consumer goods were down or flat with the growth in online shopping shifting tax receipts to in-state distribution centers or to the countywide allocation pools.

Receipts from business and industrial transactions were lower than last year's comparable quarter because of declines in new alternative energy projects. Agricultural and new technology related purchases exhibited healthy gains as did sales of warehouse and construction equipment. Most other categories were down from 2016.

Where does the Money Go?

E-commerce, technology and changing consumer preferences have retailers undergoing a dizzying transformation as they compete for customers through online websites, mobile apps, home delivery, social media, pop-up/flex stores and pick-up lockers as well as traditional brick and mortar businesses.

The changes in how goods are inventoried, sold and delivered has created some confusion in allocating local sales and use tax. However, it still involves three basic principles:

- Location where the sale is negotiated
- Location of goods at time of sale
- Ownership of goods being sold

Place of sale continues to be California's primary rule for allocating local sales tax. If the inventory is owned by the seller and is located in-state, the tax goes to the location that participates in the sale, either by receiving the order or

shipping the goods. If the order is taken outside the state but the seller owns the inventory and delivers the goods from inside California, the tax is allocated to the jurisdiction where the warehouse is located. Otherwise, the tax is shared by all agencies in the county where the goods are shipped on a pro-rata basis through the county allocation pools.

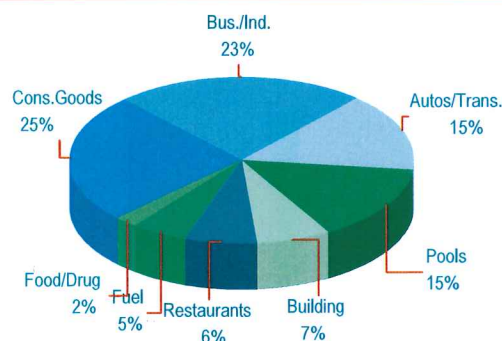
Ownership of the goods being sold is also a factor. In order for an agency to receive a direct allocation of local tax for goods shipped from a California fulfillment center, the location must be the retailer's place of business and not owned or operated by a separate legal entity. If the retailer has no place of business in California, the only opportunity for local tax is an indirect allocation through the countywide pools

For jurisdictions with transactions tax overrides, that tax goes to the place of purchase rather than the place of the seller. For example, the sales tax on the purchase of an automobile goes to the seller's location. However, the transactions tax, if any, goes to the jurisdiction where the buyer's vehicle is registered.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Livermore This Quarter



LIVERMORE TOP 15 BUSINESS TYPES

**In thousands of dollars*

Business Type	Livermore		County	HdL State
	Q2 '17*	Change	Change	Change
Building Materials	310.4	-1.9%	5.9%	6.1%
Casual Dining	306.6	7.9%	3.3%	2.2%
Contractors	197.5	-20.3%	1.1%	9.5%
Discount Dept Stores	— CONFIDENTIAL —	—	4.7%	3.2%
Family Apparel	647.8	7.2%	5.1%	4.0%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	-2.3%	0.6%
Heavy Industrial	228.8	7.2%	8.4%	0.6%
Light Industrial/Printers	251.0	52.9%	5.0%	5.6%
New Motor Vehicle Dealers	902.3	2.7%	4.1%	3.2%
Quick-Service Restaurants	176.9	5.3%	5.9%	5.8%
Service Stations	441.7	10.2%	12.6%	8.6%
Shoe Stores	232.9	7.9%	-1.5%	4.0%
Specialty Stores	162.9	-2.1%	-1.6%	1.0%
Trailers/Auto Parts	— CONFIDENTIAL —	—	0.2%	-9.7%
Women's Apparel	240.2	-1.9%	-3.3%	-4.0%
Total All Accounts	7,267.8	13.1%	4.9%	6.4%
County & State Pool Allocation	1,260.8	15.3%	6.9%	-9.9%
Gross Receipts	8,528.6	13.4%	5.2%	4.1%