

# Q4 2007



# City of Pleasanton Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2007)

## Pleasanton In Brief

The allocation from Pleasanton's October through December sales tax was 6.0% less than the same quarter one year ago. When reporting aberrations are factored out, sales activity was down 12.0% from a year ago.

Decreased sales from some categories of General Consumer Goods and Business & Industry were partially responsible for the decrease. Recent closeouts reduced revenues from new auto dealers and light industrial/printers.

The losses were offset by higher fuel prices plus increased sales from health/medical, restaurants with liquor and women's apparel. Comparisons of contractors and lumber/building materials were temporarily inflated by onetime accounting adjustments.

Adjusted for aberrations, taxable sales for all of Alameda County decreased 1.8% over the comparable time period while the Bay Area as a whole was down 1.1%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS In Alphabetical Order

Acura of Pleasanton	Mercedes Benz Pleasanton
Anixter Bros	Nordstrom
Apple Computer	Peoplesoft USA
Bernal Corners	Safeway
Beverages & More	Sears
Cemex Construction Materials	Shell/Texaco
East Bay BMW/ Mini	Siemens Medical Solutions
Home Depot	Software House International
Hopyard Shell	Unisource Paper
Infiniti of Pleasanton	Wal Mart
JC Penney	Williams Sonoma
Kohls	
Lexus of Pleasanton	
Macys	

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2006-07	2007-08
<b>Point-of-Sale</b>	\$15,462,412	\$15,352,403
<b>County Pool</b>	2,034,509	2,042,685
<b>State Pool</b>	23,623	6,720
<b>Gross Receipts</b>	\$17,520,544	\$17,401,807
<b>Cty/Cnty Share</b>	(876,027)	(870,090)
<b>Net Receipts</b>	\$16,644,517	\$16,531,717
<b>Less Triple Flip*</b>	\$(4,161,129)	\$(4,132,929)

\*Reimbursed from county compensation fund

## NOTES

### DECLINES IN SALES TAX REVENUES CONTINUE

Statewide tax receipts suggest lumps of coal were found in some Christmas stockings during 2007's fourth quarter. The 2.6% decline from the same period last year was the third straight quarter that receipts were either flat or down from prior year sales activity.

The 11.2% drop in auto sales and 14.5% decline in building/construction materials were somewhat more severe than anticipated. The surprise was a 3% drop in holiday spending on general consumer goods with traditional department stores, furniture and specialty stores exhibiting the greatest decreases.

The losses were partially offset by gains from rising prices of food, drugs and fuel. Restaurants managed to eek out a 1.1% increase over the previous holiday quarter although that gain may have also been price related.

Only Imperial, San Luis Obispo and Ventura Counties showed significant fourth quarter increases. But all benefited from onetime payments related to various energy projects or other anomalies, not gains in on-going sales activities.

Initial reports indicate that June receipts for sales occurring January through March of 2008 will be equally dismal. Auto dealers are expected to report another quarter of double digit declines and revenues from apparel, general consumer goods and restaurants are projected to be flat or down. The recent spike in fuel prices should produce another positive quarter for fuel and service stations and partially offset losses in other categories.

### WILL 2008-2009 BE BETTER?

Economists expect sales declines to bottom out during the next fiscal year but are uncertain on when in that year the bottom will hit.

Auto manufacturers are hoping for a slight rebound in sales in the second

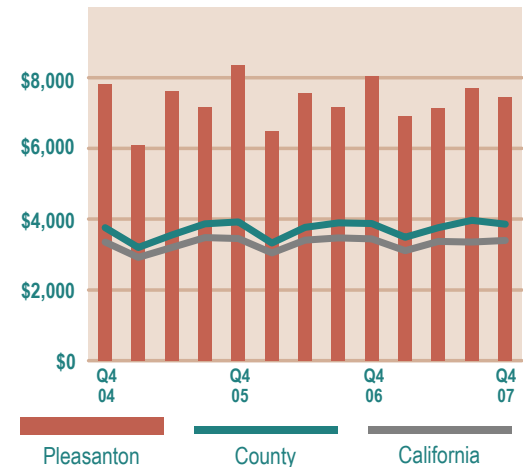
half of 2008 and into 2009. A recovery in public, commercial and industrial construction could stabilize tax receipts from building supplies although a rebound from housing related goods and materials is not expected until 2010 or 2011.

The instability of world crude oil prices, reduced refinery production and the coming seasonal driving peak are expected to maintain high fuel prices through late summer and compete with other consumer spending.

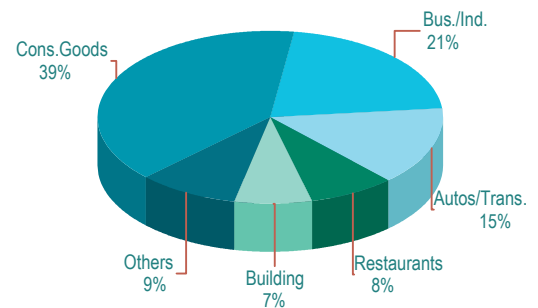
The weak dollar should continue to lure international consumers to key tourist destinations. However, capital investment by U.S. exporters is beginning to show signs of leveling off.

In late May, taxpayers will begin receiving payments of \$300 to \$1200 plus \$300 for each qualifying child through the Economic Stimulus Act of 2008. \$12.4 billion is expected to flow to California though various surveys indicate that much of the rebates will go to pay off debt or increase savings. Most analysts see the package as inducing a minor but only temporary spike in third quarter sales tax receipts.

### SALES PER CAPITA



### REVENUE BY BUSINESS GROUP Pleasanton This Quarter



### PLEASANTON TOP 15 BUSINESS TYPES

Business Type	Pleasanton		County	HdL State
	Q4 '07*	Change	Change	Change
Department Stores	\$771.5	-4.4%	-6.5%	-3.5%
New Motor Vehicle Dealers	593.1	-19.2%	-11.5%	-9.9%
Service Stations	275.4	18.8%	30.0%	25.5%
Light Industrial/Printers	250.6	-28.6%	-13.0%	-2.2%
Family Apparel	203.7	-9.7%	3.5%	0.6%
Contractors	189.0	13.2%	-23.9%	-14.8%
Business Services	181.3	-8.3%	3.0%	4.8%
Specialty Stores	179.4	-6.5%	1.0%	-1.9%
Home Furnishings	165.0	-25.5%	-6.0%	-7.8%
Restaurants Liquor	162.7	28.7%	12.4%	8.6%
Women's Apparel	158.9	1.6%	4.2%	-3.3%
Office Equipment	156.0	-38.9%	20.2%	0.5%
Discount Dept Stores	—	CONFIDENTIAL	0.9%	0.9%
Health/Medical	151.8	1.9%	-52.1%	-5.8%
Lumber/Building Materials	142.9	41.7%	21.8%	14.6%
<b>Total All Accounts</b>	<b>\$5,130.1</b>	<b>-6.1%</b>	<b>0.5%</b>	<b>0.2%</b>
<b>County &amp; State Pool Allocation</b>	<b>682.3</b>	<b>-4.9%</b>		
<b>Gross Receipts</b>	<b>\$5,812.5</b>	<b>-6.0%</b>		
City/County Share	(290.6)	6.0%		
<b>Net Receipts</b>	<b>\$5,521.8</b>	<b>-6.0%</b>		

\*In thousands