

Q1 2006



City of Pleasanton Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (Jan-Mar 2006)

Pleasanton In Brief

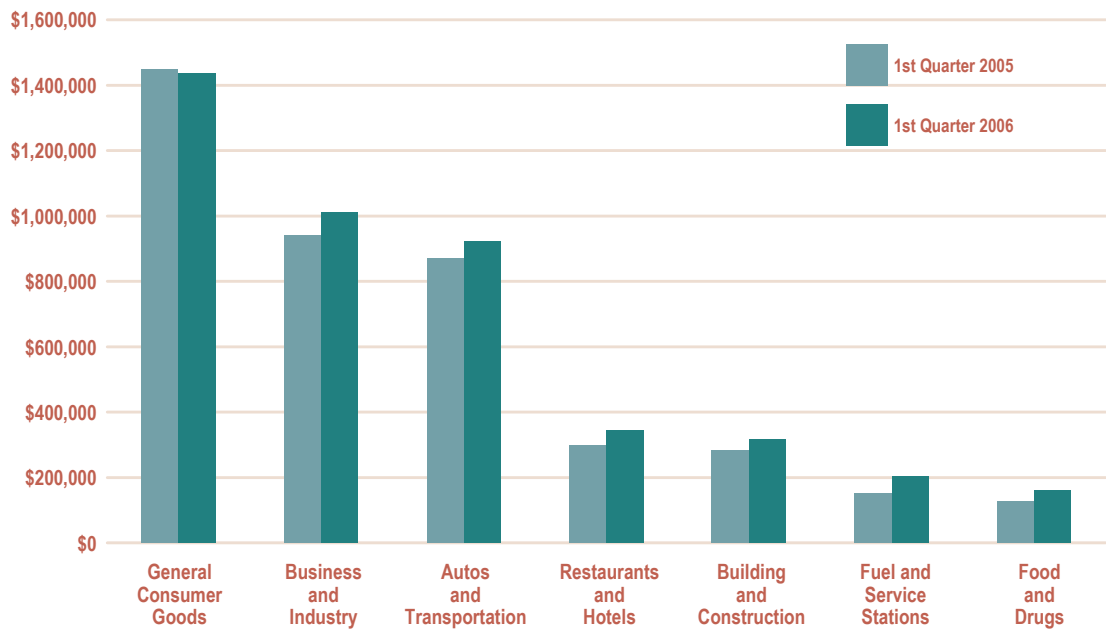
The allocation from Pleasanton's January through March sales was 9.6% higher than the same quarter one year ago. Actual sales activity was up 5.4% when accounting aberrations are factored out.

Previous additions to the electrical equipment and home furnishings categories plus a solid recovery for computer/software related sales in the business services and office equipment categories were the primary contributors to the overall increase. Higher prices of fuel and building materials were also factors as was a temporary jump in the countywide use tax allocation pool of which Pleasanton received a 8.8% share.

The gains were partially offset by declines in department stores and medical supplies plus a onetime negative adjustment in the light industrial classification.

Adjusted for aberrations, taxable sales for all of Alameda County increased 1.0% over the comparable time period while the nine county Bay Area as a whole, was up 0.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

Acura of Pleasanton	JCs RVs
ADT Security Services	Lexus of Pleasanton
Anixter Bros	Macy's
Central Wholesale Electric	Mercedes Benz Pleasanton
Directbuy East Bay	Nordstrom
East Bay BMW East Bay Mini	Peoplesoft USA
Hitachi High Technologies America	Sears
Home Depot	Shell/Texaco
Hopyard Shell	Siemens Med Solutions
Hummer Saab of Pleasanton	Software House International
Infiniti of Pleasanton	Unisource Paper
J C Penney	Volvo of Pleasanton
	Wal Mart

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2004-05	2005-06
Point-of-Sale	\$17,950,144	\$20,043,522
County Pool	2,344,836	2,797,943
State Pool	22,772	33,555
Gross Receipts	\$20,317,752	\$22,875,021
Cty/Cnty Share	(1,015,888)	(1,143,751)
Net Receipts	\$19,301,864	\$21,731,270
Less Triple Flip*	\$(3,719,801)	\$(5,432,817)

*Reimbursed from county compensation fund

California Discontinues SSTP Analysis

The Board of Equalization has stopped work on their study of the Streamlined Sales Tax Project (SSTP) citing the legislature's and governor's refusal to provide funding as well as a general lack of interest among the legislators originally appointed to recommend a state position.

The SSTP was initiated in 2000 to develop uniform definitions and procedures among the 45 states that impose sales and use tax. It was hoped that simplification would convince Congress to allow taxation of remote sales (catalogs and internet) where the retailer has no physical presence in the taxing state. However, the project became dominated by smaller states with less complex tax bases and the guidelines that the SSTP eventually adopted require significant changes in the distribution of local revenues.

Although 18 states have implemented the SSTP guidelines to date, the project has not been successful in persuading Congress to change its position on taxing remote sales. Future monitoring of the STTP will be performed through California's membership in the Multi State Tax Commission (www.mtc.gov).

Sales Tax Fees to Increase

The 2006 Budget Act includes a revision in the state's charges for administration of local sales, use and transaction taxes.

The previous costs were based on actual workload with a cap when the calculations reached a specified portion of revenues collected. In 2005/2006, local governments paid \$32.2 million from fees of 0.77% on Bradley-Burns remittances and 1.18% of taxes remitted to transaction tax districts.

The new methodology eliminates the cap and breaks the state's costs into four categories: registrations, returns, audits and collections. The costs of

processing returns are allocated on the number of jurisdictions referenced on a tax return and the other three categories allocated on a ratio of revenues.

The state anticipates that the new calculations will net it an additional \$5.7 million per year from local governments. Deductions from Bradley-Burns remittances are expected to increase by one third but decline 12% for district transaction taxes.

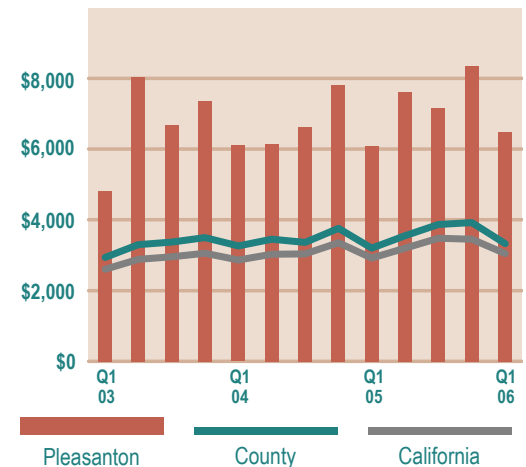
For more information, see http://www.lao.ca.gov/analysis_2006/general_govt/gen_07_0860_an106.html.

Yacht Loophole Still at Anchor

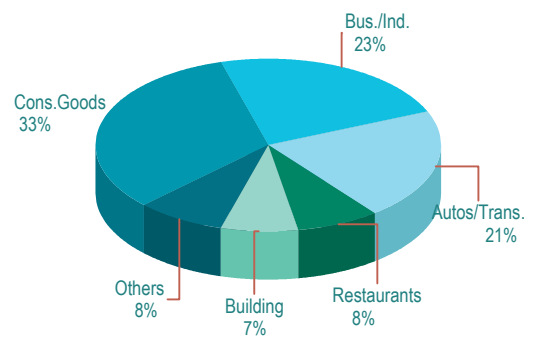
Until 2004, sales tax on vehicles, vessels and aircraft could be avoided by delivering and leaving the merchandise out of state for 90 days. SB 1100 increased the minimum period to 12 months but stipulated that the new requirement sunset on June 30, 2006.

The Budget Act of 2006 has extended the 12 month rule for an additional year and is projected to generate \$42 million more in state and local revenues primarily from RVs and boats.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP Pleasanton This Quarter



PLEASANTON TOP 15 BUSINESS TYPES

Business Type	Pleasanton		County	HdL State
	Q1 '06*	Change	Change	Change
New Motor Vehicle Dealers	\$687.8	4.6%	-0.1%	-0.7%
Department Stores	496.8	-3.3%	-0.8%	1.0%
Electrical Equipment	270.2	171.2%	16.9%	35.8%
Service Stations	202.9	33.6%	18.3%	19.6%
Business Services	189.4	48.6%	19.0%	0.0%
Home Furnishings	174.2	36.2%	5.0%	3.4%
Lumber/Building Materials	170.2	22.3%	12.3%	8.8%
Light Industrial/Printers	147.9	-51.2%	3.2%	3.6%
Family Apparel	133.1	-1.6%	2.1%	5.1%
Discount Dept Stores	— CONFIDENTIAL —	—	14.2%	7.4%
Women's Apparel	115.6	13.3%	7.3%	6.1%
Restaurants No Alcohol	111.5	12.2%	13.4%	5.0%
Restaurants Beer And Wine	106.7	6.7%	4.1%	4.1%
Health/Medical	105.9	-45.4%	14.5%	-3.9%
Specialty Stores	105.1	-6.8%	0.6%	3.9%
Total All Accounts	\$4,396.6	6.7%	4.2%	5.3%
County & State Pool Allocation	740.2	30.9%		
Gross Receipts	\$5,136.8	9.6%		
City/County Share	(256.8)	-9.6%		
Net Receipts	\$4,880.0	9.6%		

*In thousands