

# Q2 2006



# City of Pleasanton Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2006)

## Pleasanton In Brief

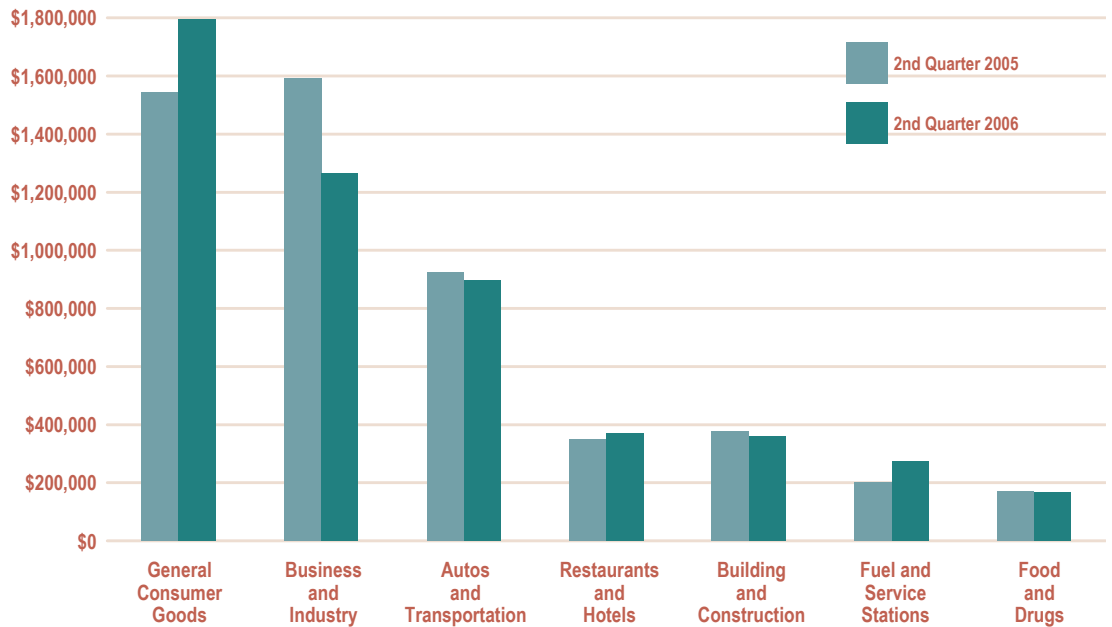
Second quarter receipts were 1.5% lower than the same period last year.

Totals were skewed by retroactive accounting adjustments that substantially inflated electrical equipment totals last year. New motor vehicle proceeds fell as they did in most areas of the state. Business closeouts contributed to the health/medical and lumber/building materials declines.

Department store, service station, home furnishings, family apparel, specialty store, and restaurant with beer/wine categories showed strong gains. New business openings added to home furnishings and family apparel proceeds but service station results were primarily price driven. Reporting aberrations exaggerated restaurant with beer/wine and specialty store increases.

All of Alameda County was up 5.3%; the state grew 5.6%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

Acura of Pleasanton	J C Penney
Anixter Bros	Kohls
Bernal Corners	Lexus of Pleasanton
Central Wholesale Electric	Macys
Comp USA	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	Unisource Paper
Infiniti of Pleasanton	Volvo of Pleasanton
	Wal Mart

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2005-06	2006-07
<b>Point-of-Sale</b>	\$5,152,254	\$5,130,148
<b>County Pool</b>	787,451	722,826
<b>State Pool</b>	8,564	7,212
<b>Gross Receipts</b>	\$5,948,270	\$5,860,185
<b>Cty/Cnty Share</b>	(297,413)	(293,009)
<b>Net Receipts</b>	\$5,650,856	\$5,567,176
<b>Less Triple Flip*</b>	\$(1,412,714)	\$(1,391,794)

\*Reimbursed from county compensation fund

NOTES

## California's Spring Sales

Statewide receipts from retail sales and use tax payments were 5.6% higher than the second quarter of 2005. All regions of the state exhibited gains with one-fourth of the increase due to a spike in prices of fuel and petroleum related products.

Consumer spending appeared to be strong in most regions with home furnishings, electronics/appliances and apparel all showing healthy growth over the previous spring quarter. Receipts from business purchases and capital investment were also generally up although the comparisons were skewed by numerous accounting adjustments. Revenues from sales of equipment and supplies to companies in the high-tech, health-related and petroleum industries showed the most consistent gains.

The overall increase occurred despite a decline in new car sales which were down for the second quarter in a row. Mid-priced domestic nameplates continued to bear the bulk of the decrease while receipts from dealers of luxury makes and fuel efficient Asian brands remained relatively stable. Lumber and building material sales were down in Northern California and the San Joaquin Valley due to severe weather conditions.

Revenues from restaurants appeared to hold up generally well despite concerns that higher fuel prices might impact higher priced, full service establishments. Food & Drug receipts took an unexpected jump because of state processing errors that folded some early-arriving third quarter payments into the current allocation.

## Good Through 2006?

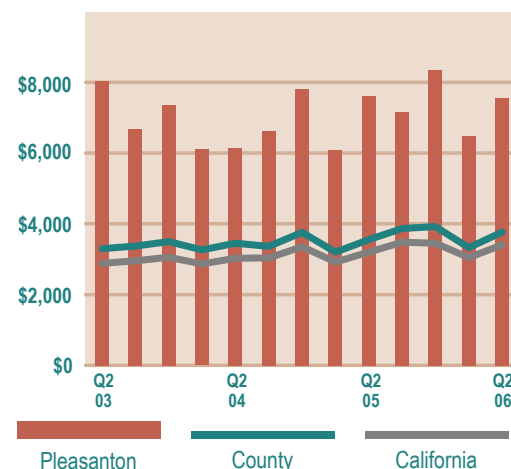
Despite concerns about the impact of the downturn in housing and auto sales, expectations by various forecasters for the remainder of 2006 are relatively optimistic. Easing fuel prices from the spring spike has relieved fed-

eral concerns about growing inflation and should reduce the strain on heavy petroleum product users. Discount retailers are also expected to benefit from a let up in fuel prices because the biggest impact has been on lower income families that are an important part of their customer base.

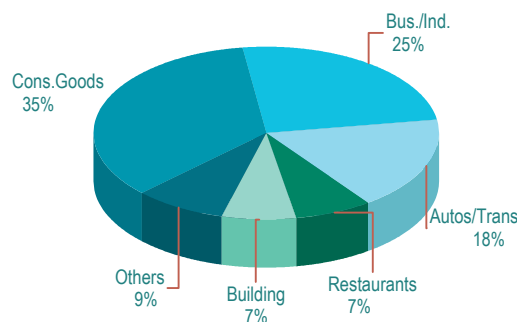
Preliminary reports are that household spending in the third quarter is up and the National Retail Federation (NRF) is predicting holiday sales to rise 5% over 2005. The weakening U.S. dollar is expected to sustain the current foreign demand for machines, computers and other equipment and help partially offset some of the employment concerns related to declining residential investment.

Even the UCLA Anderson Forecast which has been the most pessimistic tracker of the California economy, no longer believes that the state will go into recession unless job losses begin occurring in sectors outside the housing industry. Their September forecast does however, predict very slow growth in 2007 with building permits continuing to decline to 2008.

## SALES PER CAPITA



## REVENUE BY BUSINESS GROUP Pleasanton This Quarter



## PLEASANTON TOP 15 BUSINESS TYPES

Business Type	Pleasanton		County	HdL State
	Q2 '06*	Change	Change	Change
New Motor Vehicle Dealers	\$696.8	-5.2%	-1.2%	-0.6%
Department Stores	686.9	19.2%	17.4%	2.0%
Business Services	333.2	6.5%	2.3%	1.1%
Service Stations	273.3	34.9%	16.9%	20.4%
Light Industrial/Printers	254.2	4.9%	37.7%	13.5%
Electrical Equipment	206.8	-63.7%	-35.8%	-24.4%
Home Furnishings	186.1	24.5%	8.2%	9.2%
Lumber/Building Materials	185.8	-2.7%	1.0%	-0.2%
Family Apparel	160.3	14.2%	7.7%	13.9%
Health/Medical	154.4	-19.0%	20.4%	0.8%
Specialty Stores	148.6	23.7%	9.9%	7.6%
Discount Dept Stores	— CONFIDENTIAL —		12.9%	7.3%
Restaurants Beer And Wine	126.9	20.2%	4.1%	8.0%
Office Supplies/Furniture	117.6	-5.2%	8.9%	2.5%
Women's Apparel	115.2	-2.2%	-5.1%	1.1%
<b>Total All Accounts</b>	<b>\$5,130.1</b>	<b>-0.4%</b>	<b>6.4%</b>	<b>7.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>730.0</b>	<b>-8.3%</b>		
<b>Gross Receipts</b>	<b>\$5,860.2</b>	<b>-1.5%</b>		
City/County Share	(293.0)	1.5%		
<b>Net Receipts</b>	<b>\$5,567.2</b>	<b>-1.5%</b>		

\*In thousands