

# Q2 2010



# Pleasant Hill Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2010)

## Pleasant Hill In Brief

Revenue from sales occurring in the April to June quarter were 5.4% higher than the same period last year.

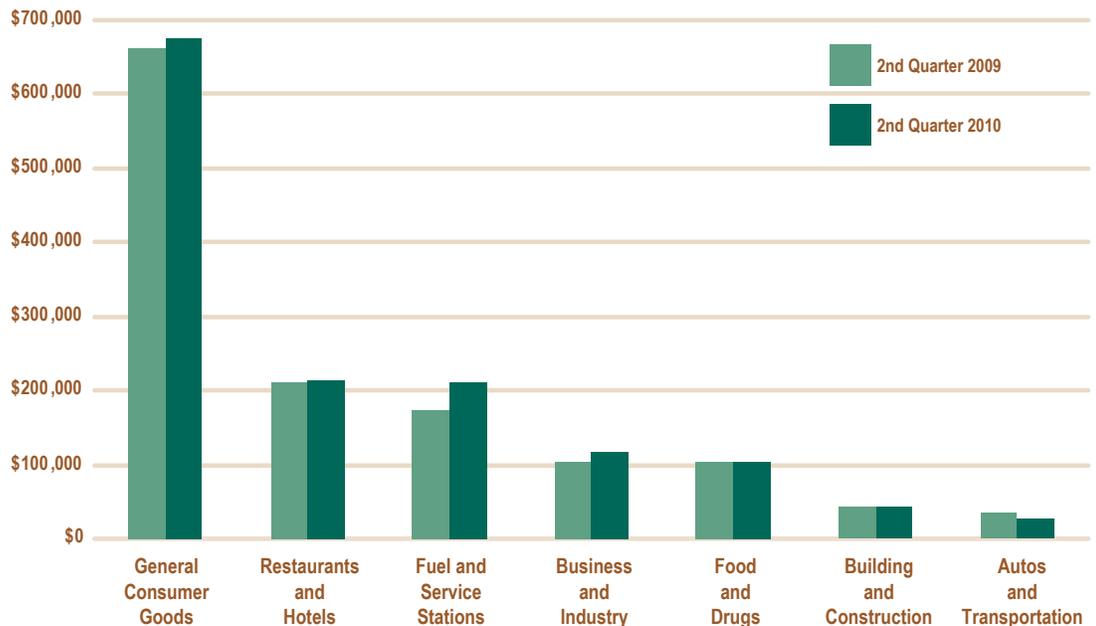
Sales activity increased in several general retail sectors including electronics, family apparel and home furnishings. The gain in restaurants as a whole was partially offset by a business closeout in restaurants with beer/wine.

A retroactive adjustment overstated the rise in fuel-related outlets from higher prices. A onetime use tax allocation bumped up returns in the Business & Industry group.

Business closeouts accounted for the loss in Autos & Transportation.

Adjusted for reporting aberrations, taxable sales for all of Contra Costa County including its cities gained 1.2% over the comparable time period while the nine county Bay Area as a whole was up 6.6%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

AT&T Mobility	Marshalls
Back Forty Texas BBQ	Michaels Arts & Crafts
Bay Counties Pitcock Petroleum	Pacific States Petroleum
Bed Bath & Beyond	Pleasant Hill Chevron
Best Buy	Ross
Buskirk Gas Mart & Car Wash	Safeway
Expert Auto Care	Shell/Texaco
Friedman's Appliances	Staples
Harbor Freight Tools	TJ Maxx
JC Penney	Target
K Mart	Tesoro Gasoline
Kohls	Toys R Us
	Verizon Wireless

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$1,332,158	\$1,391,987
County Pool	173,481	195,295
State Pool	1,360	765
<b>Gross Receipts</b>	<b>\$1,506,999</b>	<b>\$1,588,047</b>
City/Cnty Share	(37,675)	(39,701)
<b>Net Receipts</b>	<b>\$1,469,324</b>	<b>\$1,548,346</b>
Less Triple Flip*	\$(367,331)	\$(387,086)

\*Reimbursed from county compensation fund

**California Overall**

Local sales and use tax revenues for sales occurring April through June 2010 were 4.7% higher than the same quarter of 2009 after accounting aberrations were factored out. However, the comparison is against a quarter that was 18.4% below the same quarter of 2008 which in turn, was 4.0% lower than the same period of 2007. Rising fuel prices were again a major part of the quarterly increase. Pent-up demand and manufacturer incentives produced impressive gains in auto and RV sales. Capital investment in technology, equipment and supplies to reduce labor and energy costs drove expanded receipts from business and industrial purchases. Areas surrounding the Silicon Valley continue to be the center of greatest recovery though a recent up-tick in travel helped produce gains in some vacation/resort communities. The inland parts of California still lag the coastal regions.

**It's Official! The Recession is Over!**

The National Bureau of Economic Research (NBER) has announced that the recession ended in June of 2009. Technically, this means that economic indicators show that the economy has finally bottomed out. It does not mean that a recovery has occurred. This year's earlier exuberance has given way to near consensus among economists that the state's recovery will be slow with less than average growth over the next two years. The argument is that further deleveraging from years of over-spending, over-borrowing, hyper-speculative investment and unsustainable real estate prices must occur before we reach the base on which normal growth restarts. With the focus on productivity innovations rather than jobs, unemployment is expected to stay in double digits at least until the end of 2012. Sales tax revenues are expected to continue to recover but at slightly lower rates than

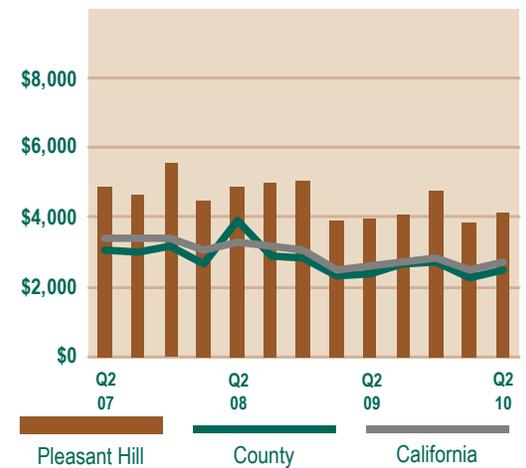
experienced earlier in the year from various tax credit, stimulus rebate and manufacturer incentive programs.

**Green Energy Exemptions**

The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) has fast-tracked adoption of their emergency regulations for implementing new sales and use tax exemptions for "Green Manufacturing" authorized by SB 71, the only significant new sales tax related bill adopted in 2010 to date. The first approvals are planned for their November 17 meeting. Industry lobbyists have shut local governments out of the process and additional regulations are now being developed for exempting major alternative energy projects such as solar, geothermal and wind. There is no cap on the value of state and local sales tax losses that CAEATFA may approve.

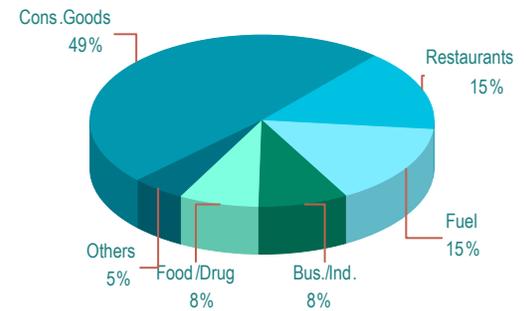
Local governments will not be notified of applications potentially impacting their revenues. However, agenda notices can be obtained by signing up at <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

Pleasant Hill This Quarter



**PLEASANT HILL TOP 15 BUSINESS TYPES**

Business Type	Pleasant Hill		County	HdL State
	Q2 '10*	Change	Change	Change
Electronics/Appliance Stores	\$205.5	5.3%	-0.3%	9.3%
Service Stations	148.0	15.2%	10.2%	18.2%
Discount Dept Stores	— CONFIDENTIAL —		-0.5%	0.1%
Family Apparel	98.8	4.4%	5.5%	10.4%
Home Furnishings	78.8	4.2%	0.9%	3.1%
Restaurants Liquor	73.9	4.4%	7.8%	6.9%
Restaurants No Alcohol	73.7	7.1%	4.2%	4.6%
Petroleum Prod/Equipment	— CONFIDENTIAL —		0.5%	24.1%
Specialty Stores	62.1	-7.4%	3.2%	1.2%
Restaurants Beer And Wine	57.8	-4.8%	-1.9%	-3.4%
Grocery Stores Liquor	53.3	-4.0%	-0.8%	1.0%
Office Supplies/Furniture	30.4	-3.8%	19.6%	10.0%
Hardware Stores	27.9	11.5%	139.7%	166.0%
Art/Gift/Novelty Stores	25.3	0.9%	28.8%	1.0%
Garden/Agricultural Supplies	24.1	-10.7%	6.2%	-0.7%
<b>Total All Accounts</b>	<b>\$1,392.0</b>	<b>4.5%</b>	<b>5.7%</b>	<b>7.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>196.1</b>	<b>12.1%</b>		
<b>Gross Receipts</b>	<b>\$1,588.0</b>	<b>5.4%</b>		
City/County Share	(39.7)	-5.4%		
<b>Net Receipts</b>	<b>\$1,548.3</b>	<b>5.4%</b>		

\*In thousands