

Q1 2015



City of Alameda Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2015)

Alameda In Brief

Receipts for Alameda's January through March sales were 4.0% below the same quarter one year ago. Net of reporting aberrations, actual sales were up 5.0%.

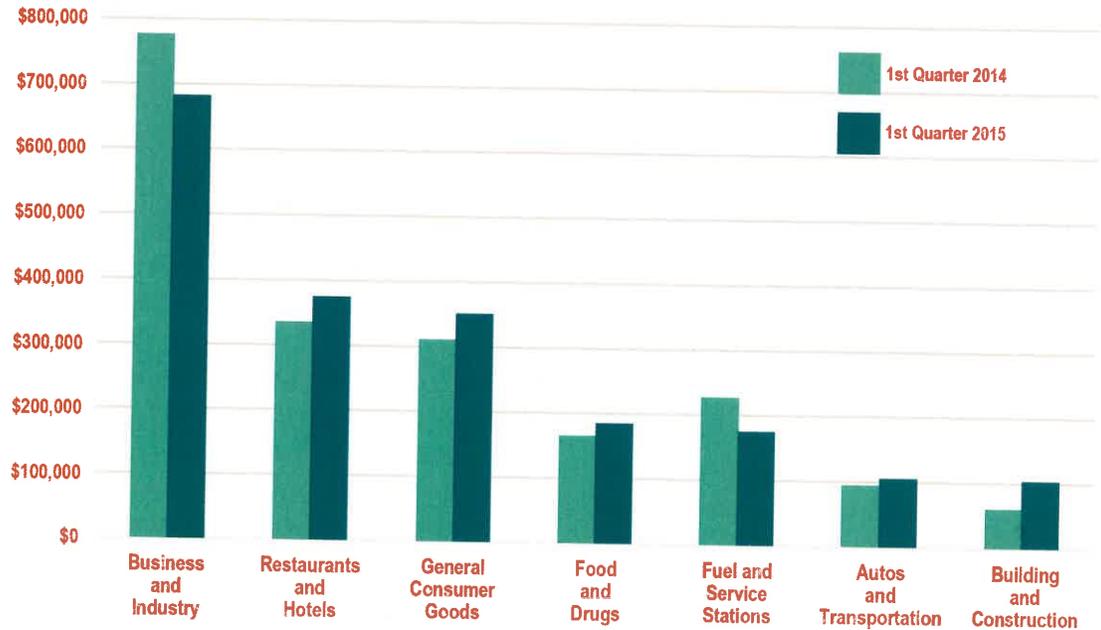
The disparity between cash receipts and local economic activity was mainly due to retroactive accounting adjustments that temporarily inflated business and industry totals in the comparison quarter.

General consumer goods and restaurant and hotel segments showed solid increases while also benefiting from new business additions. Onetime accounting adjustments generated most of the increase in the building and construction and autos and transportation categories. Food and drug sales were solidly up.

Lower prices at the pump caused the drop in the fuel and service station comparison.

Adjusted for aberrations, taxable sales for all of Alameda County increased 4.5% over the comparable time period, while sales in the Bay Area were up 4.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

ABB Concise	Penumbra
Alameda Electrical Distributors	Rosenblum Cellars
Alameda Sushi House	Ross
American Hydrotech	Safeway
Chevron	Safeway Fuel Center
Chevron	Standard Process Northern California
CVS Pharmacy	Target
Delphi Productions	TJ Maxx
Kohls	Trader Joes
La Penca Azul	United States Pharmacopoeial Convention
Lucky Market	Walgreens
Nob Hill Fuel	Webster 76
North Face	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$5,463,195	\$6,021,551
County Pool	901,553	847,295
State Pool	3,872	3,762
Gross Receipts	\$6,368,621	\$6,872,607
Cty/Cnty Share	\$(318,431)	\$(343,630)
Net Receipts	\$6,050,189	\$6,528,977
Less Triple Flip*	\$(1,512,547)	\$(1,632,244)

*Reimbursed from county compensation fund

California as a Whole

Local one cent tax receipts from sales occurring January through March rose 3.65% over 2014's comparable quarter after adjusting for reporting anomalies.

An exceptionally strong quarter for auto sales/leases and restaurants was the primary contributor to the overall increase. A rise in building-construction materials was also a factor although much of this growth came from specific office and sports facility projects in Northern California.

Gains from sales of general consumer goods were primarily in value priced clothing, home furnishings and specialty retail which includes pet supplies and cosmetics. Online shopping involving goods shipped from out of state continues to shift a major portion of the growth in general consumer goods to the countywide pools.

The statewide gains were largely offset by a 21% decline in receipts from fuel and service stations.

Tax on Services

The Board of Equalization has released an estimate that levying sales and use tax on services would raise over \$122.5 billion in state and local revenues or enough to lower the overall tax rate to under 4%.

Originally imposed in 1933 as a 2 1/2% tax with only three exemptions, the legislature has gradually exempted more and more goods from the sales tax while raising rates to compensate for the corresponding revenue loss. This and the state's shift from a manufacturing to service economy has created the nation's highest sales tax rate on the narrowest basket of goods.

Although more discussion is needed, there is interest in expanding the sales tax to services and lowering the rate to make the tax less regressive and

more competitive while providing greater flexibility in the development of local tax bases.

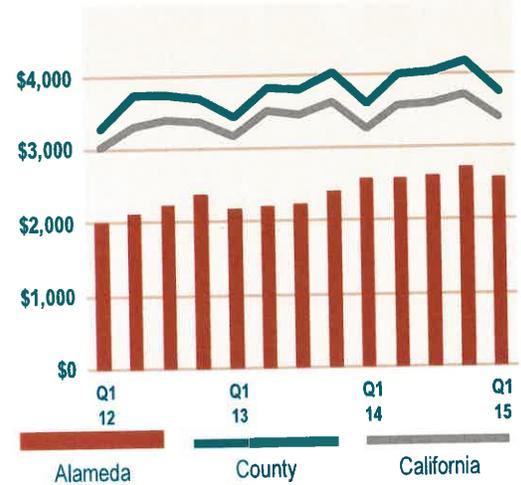
Tax on Jet Fuel

The Federal Aviation Administration has ruled that sales taxes on jet fuel must only be used for airport and aviation programs. The rule applies to taxes levied after 1987 but is unclear as to transactions tax districts, Proposition 172 revenues, or revenues collected by jurisdictions without airports. Clarification will not be available until FAA review and approval of a plan that has to be submitted by the state Department of Finance by December 8, 2015.

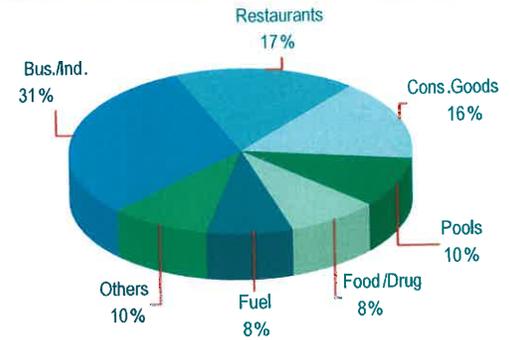
Tax on Marijuana

A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE findings are expected by November 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Alameda This Quarter



ALAMEDA TOP 15 BUSINESS TYPES

Business Type	Alameda		County	HdL State
	Q1 '15*	Change	Change	Change
Boats/Motorcycles	43.1	6.8%	31.8%	13.3%
Business Services	45.8	-30.9%	-19.7%	26.0%
Casual Dining	187.6	8.5%	11.2%	5.5%
Discount Dept Stores	— CONFIDENTIAL —		5.0%	4.2%
Drug Stores	— CONFIDENTIAL —		4.7%	10.7%
Family Apparel	70.8	12.3%	8.4%	9.8%
Fine Dining	33.0	27.7%	31.9%	16.5%
Grocery Stores Liquor	78.7	17.8%	6.2%	5.1%
Light Industrial/Printers	42.0	40.5%	-0.4%	6.0%
Medical/Biotech	— CONFIDENTIAL —		9.7%	5.1%
Plumbing/Electrical Supplies	— CONFIDENTIAL —		31.2%	6.4%
Quick-Service Restaurants	111.0	10.7%	12.0%	10.6%
Service Stations	174.5	-22.2%	-24.7%	-21.9%
Specialty Stores	53.1	-5.9%	9.7%	9.9%
Wineries	49.8	na	67.7%	17.3%
Total All Accounts	\$1,977.7	0.3%	5.2%	3.6%
County & State Pool Allocation	\$212.3	-31.3%	-28.0%	1.1%
Gross Receipts	\$2,190.1	-4.0%	0.7%	3.3%
City/County Share	(109.5)	4.0%		
Net Receipts	\$2,080.6	-4.0%		