

Q3
2013



City of Vallejo Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2013)

Vallejo In Brief

Gross receipts for Vallejo's July through September sales dipped 4.3% compared to the same quarter one year ago, but accounting aberrations skewed the data; actual sales activity increased 3.7% when anomalies were factored out.

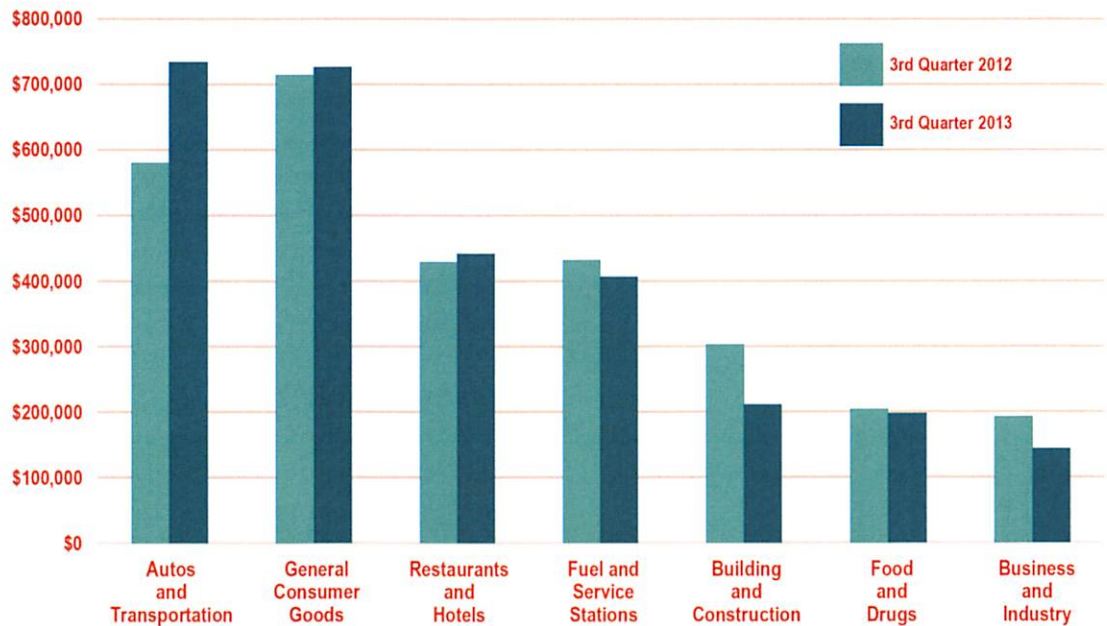
A retroactive adjustment that cut receipts from the countywide use tax pool was a major factor for the overall decline, but accounting deviations that inflated year-ago postings and cut current quarter returns from the building and construction group were also factors. Payment anomalies depressed results from service stations, the business and industry group and some categories of consumer goods.

Recent additions contributed to gains from used car dealers, auto supply, specialty stores and the restaurant group. The city experienced robust sales from new car dealers and the heavy industrial sector.

Measure "B", the voter-approved local transactions tax, generated \$3,030,315, including \$78,044 due from other quarters, in addition to the amounts described above.

Aadjusted for onetime reporting events, sales and use tax receipts for all of Solano County rose 4.3% over the same period; Bay Area totals increased 5.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Admiral Callaghan Shell	Nino Quality Motors
Avery Greene Honda	Ross
Best Buy	Safeway
Bonfare Market	Safeway Fuel
Chevron	Shell
Costco	Six Flags Discovery Kingdom
Home Depot	Target
Kohls	Team Chevrolet
La Mesa RV Center	Cadillac Hyundai Mazda
McDonalds	Toyota Vallejo
Momentum Chrysler Dodge Jeep Kia	Tributary Point AM PM
N & M Market	Valero
Nesco Fabricators	Vallejo Nissan

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$2,857,974	\$2,860,847
County Pool	294,450	155,546
State Pool	(1,023)	1,021
Gross Receipts	\$3,151,400	\$3,017,413
Measure B	\$2,931,784	\$3,030,315

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter was temporarily reduced by a state computer glitch that failed to fully fund receipts from sellers of building and construction supplies. Actual sales activity was up 5.8% over last year's comparable quarter after adjusting for this and other aberrations. Overall performance was generally similar throughout most regions of the state.

New and used auto sales and leases again grew at double digit rates and were the primary contributor to the quarter's statewide growth. With on-line sales remaining strong and more businesses reporting due to the state's new out-of-state reporting requirements, countywide pool allocations became the second largest portion of this quarter's overall increase. Recovering building and construction activity was also significant with a 9.7% gain after adjusting for the delayed allocations.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the third consecutive quarter.

Local Sales Tax Measures

Ten of twelve proposals for sales tax add-ons were approved in November as voters continued to support funding local services where they have more input and control.

New taxes were approved in Antioch, Corte Madera, Huron, Larkspur, San Anselmo and Scotts Valley. Existing add-ons were either increased or extended in El Monte, Rohnert Park, San Rafael and Stockton.

This brings the total number of city transactions and use tax districts to 135 and countywide districts to 44. Additional measures are expected to appear on local ballots in 2014.

Tax Rebates

Effective January 1, AB 562 (Williams) requires public notice and hearings on economic subsidies exceeding \$100,000. Identification of beneficiaries of the subsidy, the amounts, the beginning and ending dates and promised tax and job benefits are required as are periodic updates.

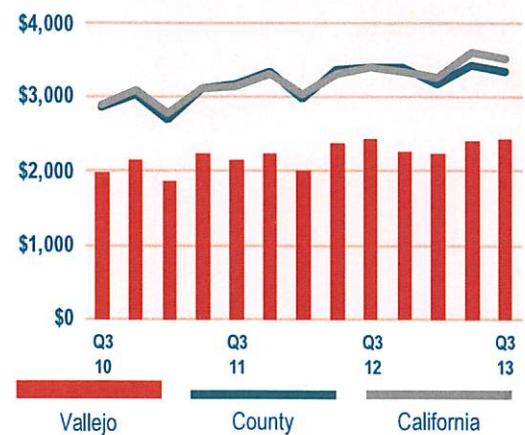
As on-line sales divert a greater portion of tax revenues from business and consumer purchases to centralized fulfillment centers, rebates of up to 85% are being bid in exchange for being the "point of sale" for the remainder. This bill encourages deeper evaluation of agreements that are collectively transferring an alarming share of statewide local sales tax to corporate bottom lines while cutting revenues for public services.

Holiday Sales Tax Shifts

Local tax receipts from fourth quarter sales will not be seen until March but may differ from previous years. Some forecasters predicted that on-

line shopping would account for up to 40% of holiday sales which would transfer that portion of the tax from stores to central fulfillment centers or county allocation pools. Final tax results from holiday spending will be pushed into June based on a National Retail Federation survey that showed 80% of shoppers gave at least one gift card. Tax is not charged until a gift card is redeemed.

SALES PER CAPITA



VALLEJO TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Vallejo Q3 '13*	Vallejo Change	County Change	HdL State Change
Automotive Supply Stores	50.9	9.8%	4.5%	5.7%
Casual Dining	113.4	3.8%	3.6%	4.2%
Discount Dept Stores	328.1	-1.8%	-1.6%	-8.2%
Electronics/Appliance Stores	87.6	5.5%	3.8%	4.0%
Family Apparel	73.4	1.9%	-3.5%	5.8%
Grocery Stores Liquor	100.9	-1.1%	-2.5%	-9.7%
Heavy Industrial	49.2	135.7%	-30.6%	10.5%
Home Furnishings	45.4	2.7%	4.5%	10.2%
Leisure/Entertainment	111.5	-3.4%	-2.4%	3.7%
Lumber/Building Materials	—	CONFIDENTIAL	-28.2%	-15.8%
New Motor Vehicle Dealers	524.4	24.6%	22.7%	12.7%
Quick-Service Restaurants	180.2	1.4%	3.1%	4.0%
Service Stations	407.0	-5.8%	-5.1%	-1.4%
Specialty Stores	46.3	29.8%	9.1%	7.6%
Used Automotive Dealers	57.3	72.4%	149.6%	11.7%
Total All Accounts	\$2,860.8	0.1%	-1.4%	2.5%
County & State Pool Allocation	\$156.6	-46.6%	-47.5%	12.5%
Gross Receipts	\$3,017.4	-4.3%	-5.7%	3.5%