City of Vallejo Sales Tax Update

Fourth Quarter Reccipts for Third Quarter Sales (July - September 2012)

## Vallejo <br> In Brief

The allocation of local sales and use tax revenues from Vallejo's July through September sales was $12.9 \%$ higher than the same quarter one year ago. Actual sales activity was up $9.8 \%$ after factoring out accounting anomalies that inflated comparisons in the lumber/building materials classification.
A strong quarter for auto sales and onetime purchases in the discount department store, contractor supply and electrical equipment categories were the primary contributors to the overall increase. Recent additions to the general consumer goods group and a solid quarter for some restaurant classifications were also factors.
Vallejos voter approved Measure "B" levy added $\$ 2,917,964$ to the amounts discussed above which was $90.2 \%$ of that raised from the basic one-cent tax. The lower ratio is due to the cily's status as an exporter of autos and contractor goods and equipment to other jurisdictions.
Adusted for aberrations, sales and use tax receipts for all of Solano County increased $3.5 \%$ over the comparable time period while the nine-county bay region as a whole was up 6.4\%.

## Sales Tax by Major Business Group



Tor 25 Producers
In Alphabetical Order
Admiral Callaghan Shell
Avery Greene Honda
Best Buy
Bonfare Market
Carqueniz Chevron
Chevron
Costco
Earthquake Protection Systems
Home Depot
Kohls
Lowes
McDonalds
Momentum Chrysler
$\quad$ Dodge Jeep Kia
N \& M Market
Praxis Associates
Ross
Safeway
Safeway Gas
Shell
Six Flags Discovery
$\quad$ Kingdom
Target
Team Chevrolet
$\quad$ Cadillac Hyundai
$\quad$ Mazda
Toyota Vallejo
Valero
Vallejo Nissan

## Revenue Comparison

One Quarter - Fiscal Year To Date

|  | 2011-12 | 2012-13 |
| :--- | ---: | ---: |
| Point-of-Sale | $\$ 2,504,252$ | $\$ 2,857,974$ |
| County Pool | 285,683 | 294,450 |
| State Pool | 2,079 | $(1,023)$ |
| Gross Receipts | $\$ 2,792,014$ | $\$ 3,151,400$ |
|  |  |  |
| Gross Trans. Tax | $\$ 0$ | $\$ 2,931,784$ |

## Statewide Results

Gains in all seven of HdL's key economic groupings confirm that California's economy continues to mend. Statewide local sales and use tax revenues from transactions occurring July through September 2012 were 6.0\% higher than the same quarter in 2011 after onetime accounting and reporting aberrations are factored out.

The continued strong demand for new autos exceeded analysts' expectations and generated about one-fourth of the adjusted statewide increase. Restaurant sales posted another strong quarter with receipts $6.6 \%$ higher than the same period one year ago. Use tax from the development of solar energy projects and a modest recovery in some categories of building and construction materials also contributed to the rise.

Overall sales growth was tempered by a leveling in fuel prices compared to the previous year's quarter and by a slowdown in business spending in the Silicon Valley.

## The Year Ahead

Gains in sales and use tax receipts from the first half of 2013 are expected to be lower than previous quarters. Recovery from "fiscal cliff" uncertainties and its final outcome may take several months while Europe's financial woes and China's sluggish growth will temper California export activity. Fuel prices should stabilize and not generate the huge bubbles in tax revenues experienced in previous quarters.
The last half of the year is predicted to resume steady, moderate growth. In November, the state's unemployment rate had already dipped to 9.8 percent, the lowest since the recession began. The recent gains are becoming more widespread among job categories and
even include an increase in construc-tion-related employment.
The state's housing market is strengthening with fewer distressed transactions and record low inventories. The median sales price of homes has increased for the last eight consecutive months of the year and building activity, particularly in the coastal areas, is expected to pick up steam in 2013. Elevated foreclosure rates in some inland regions may delay building recovery for another year or two.
Pent-up demand, record low interest tates and easing credit availability have led to robust sales of new automobiles. That demand is expected to continue for another few quarters as consumers replace older, less fuel efficient models and take advantage of lease and financing incentives being offered by manufacturers.
Wage gains from new hiring, combined with lower fuel prices and an improv-

ValLedO TOP 15 BUSINESS TYPES

|  | Vallejo |  | County | HdL State |
| :--- | :---: | :---: | :---: | :---: |
| Business Type | Q3 ${ }^{\prime} 12^{*}$ | Change | Change | Change |
| Automotive Supply Stores | 49.7 | $-0.1 \%$ | $0.8 \%$ | $0.8 \%$ |
| Clubs/Amusement Places | 115.4 | $-7.6 \%$ | $-4.2 \%$ | $6.0 \%$ |
| Contractors | 46.5 | $74.5 \%$ | $16.2 \%$ | $6.9 \%$ |
| Discount Dept Stores | 334.0 | $11.5 \%$ | $11.8 \%$ | $15.5 \%$ |
| Electrical Equipment | 73.9 | $n a$ | $97.6 \%$ | $18.2 \%$ |
| Electronics/Appliance Stores | 83.0 | $9.0 \%$ | $4.7 \%$ | $-1.1 \%$ |
| Family Apparel | 72.0 | $-3.4 \%$ | $6.3 \%$ | $9.9 \%$ |
| Grocery Stores Liquor | 105.5 | $0.4 \%$ | $4.1 \%$ | $9.5 \%$ |
| Home Furnishings | 44.3 | $7.0 \%$ | $0.3 \%$ | $4.5 \%$ |
| Lumber/Building Materials | 235.6 | $34.1 \%$ | $34.2 \%$ | $35.9 \%$ |
| New Motor Vehicle Dealers | 420.9 | $28.0 \%$ | $16.6 \%$ | $19.2 \%$ |
| Restaurants Beer And Wine | 49.2 | $3.0 \%$ | $4.0 \%$ | $2.2 \%$ |
| Restaurants Liquor | 75.5 | $4.0 \%$ | $5.1 \%$ | $8.5 \%$ |
| Restaurants No Alcohol | 184.4 | $8.7 \%$ | $9.3 \%$ | $8.1 \%$ |
| Service Stations | 426.8 | $1.3 \%$ | $-0.3 \%$ | $1.6 \%$ |
| Total All Accounts | $\$ 2,858.0$ | $14.1 \%$ | $8.3 \%$ | $8.8 \%$ |
| County \& State Pool Allocation | $\mathbf{2 9 3 . 4}$ | $\mathbf{2 . 0 \%}$ |  |  |
| Gross Receipts | $\$ 3,151.4$ | $\mathbf{1 2 . 9 \%}$ |  | In |

