



Quarterly Sales Tax Report  
for the Period Ending  
September 30, 2017



# Q2 2017



## City of Alameda Sales Tax *Update*

*Third Quarter Receipts for Second Quarter Sales (April - June 2017)*

### Alameda In Brief

Alameda's receipts from April through June were 39.1% above the same sales period in 2016. Accounting anomalies in both the current and year-ago periods coming from the building-construction and general consumer goods groups skewed comparisons. Excluding reporting aberrations, actual sales were up 12.3%.

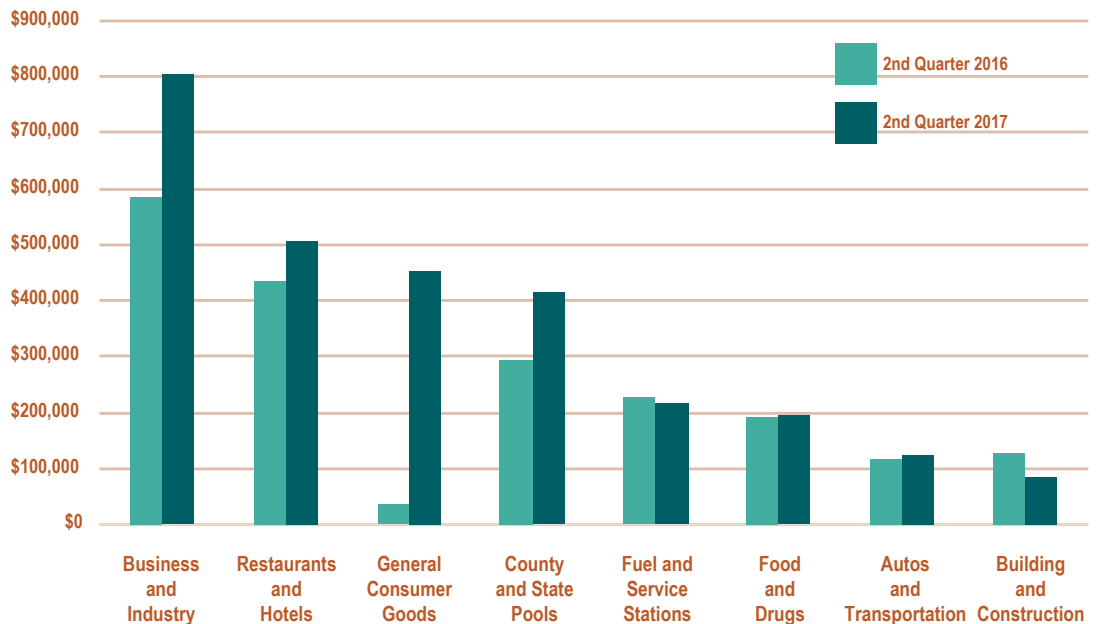
Overall receipts rose in business and industry which saw a large activity increase by one segment of that group; recently-added retailers and a payment correction also account for this gain. A 38% increase in the City's share of the countywide use tax pool allocation also contributed to the positive outcome.

Consumer's ongoing preferences for dining out showed up in improved revenues across restaurants and hotels. Fast casual eateries contained a double payment; casual dining was aided by recently opened venues and retroactive adjustments which provided onetime cash.

A vendor audit generated a negative correction, decreasing fuel and service stations tax returns; after removing this irregularity, taxes rose modestly due to higher petroleum prices.

Net of aberrations, taxable sales for all of Alameda County grew 3.8% over the comparable time period; the Bay Area was up 2.5%.

### SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

ABB Concise	Nob Hill Fuel
Alameda Electrical Distributors	North Face
Alameda Sushi House	Penumbra
Center for the Collaborative Classroom	Pottery Barn Outlet
Chevron	Ross
CVS Pharmacy	S & C Electric
In N Out Burgers	Safeway
Jk3 Nautical Enterprises	Safeway Fuel
Kohls	Standard Process
La Penca Azul	Target
McDonalds	TJ Maxx
	Trader Joes
	Walgreens
	Webster 76

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2015-16	2016-17
Point-of-Sale	\$7,973,044	\$9,495,238
County Pool	1,288,578	1,580,480
State Pool	4,990	5,273
Gross Receipts	\$9,266,612	\$11,080,991
Cty/Cnty Share	(463,331)	(554,050)
Net Receipts	\$8,803,281	\$10,526,941
Less Triple Flip*	\$(1,274,852)	\$0

\*Reimbursed from county compensation fund

**California Overall**

Local government's one-cent share of statewide sales and use tax from transactions occurring April through June was 3.2% higher than the same quarter of 2016 after payment aberrations are factored out.

The largest percentage increases were from the countywide allocation pools, building supplies and rising fuel prices. Auto sales and restaurants continued to post solid gains. Except for value priced apparel and dollar stores, most categories of general consumer goods were down or flat with the growth in online shopping shifting tax receipts to in-state distribution centers or to the countywide allocation pools.

Receipts from business and industrial transactions were lower than last year's comparable quarter because of declines in new alternative energy projects. Agricultural and new technology related purchases exhibited healthy gains as did sales of warehouse and construction equipment. Most other categories were down from 2016.

**Where does the Money Go?**

E-commerce, technology and changing consumer preferences have retailers undergoing a dizzying transformation as they compete for customers through online websites, mobile apps, home delivery, social media, pop-up/flex stores and pick-up lockers as well as traditional brick and mortar businesses.

The changes in how goods are inventoried, sold and delivered has created some confusion in allocating local sales and use tax. However, it still involves three basic principles:

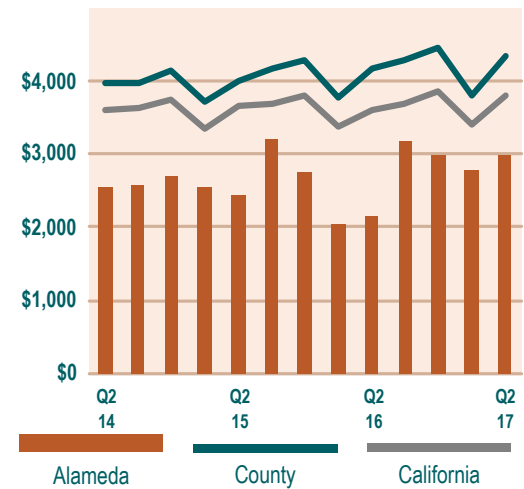
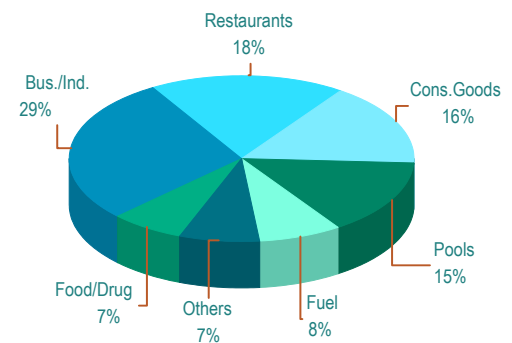
- Location where the sale is negotiated
- Location of goods at time of sale
- Ownership of goods being sold

Place of sale continues to be California's primary rule for allocating local sales tax. If the inventory is owned by the seller and is located in-state, the tax goes to the location that participates in the sale, either by receiving the order or

shipping the goods. If the order is taken outside the state but the seller owns the inventory and delivers the goods from inside California, the tax is allocated to the jurisdiction where the warehouse is located. Otherwise, the tax is shared by all agencies in the county where the goods are shipped on a pro-rata basis through the county allocation pools.

Ownership of the goods being sold is also a factor. In order for an agency to receive a direct allocation of local tax for goods shipped from a California fulfillment center, the location must be the retailer's place of business and not owned or operated by a separate legal entity. If the retailer has no place of business in California, the only opportunity for local tax is an indirect allocation through the countywide pools

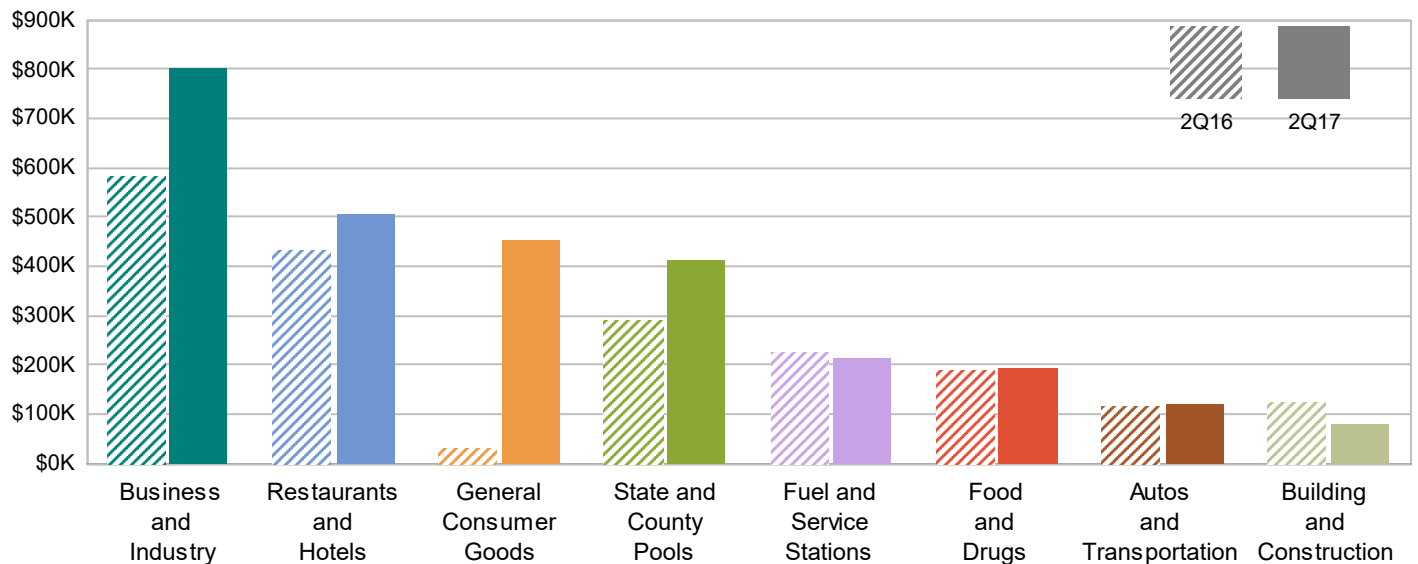
For jurisdictions with transactions tax overrides, that tax goes to the place of purchase rather than the place of the seller. For example, the sales tax on the purchase of an automobile goes to the seller's location. However, the transactions tax, if any, goes to the jurisdiction where the buyer's vehicle is registered.

**SALES PER CAPITA****REVENUE BY BUSINESS GROUP**  
Alameda This Quarter**ALAMEDA TOP 15 BUSINESS TYPES**

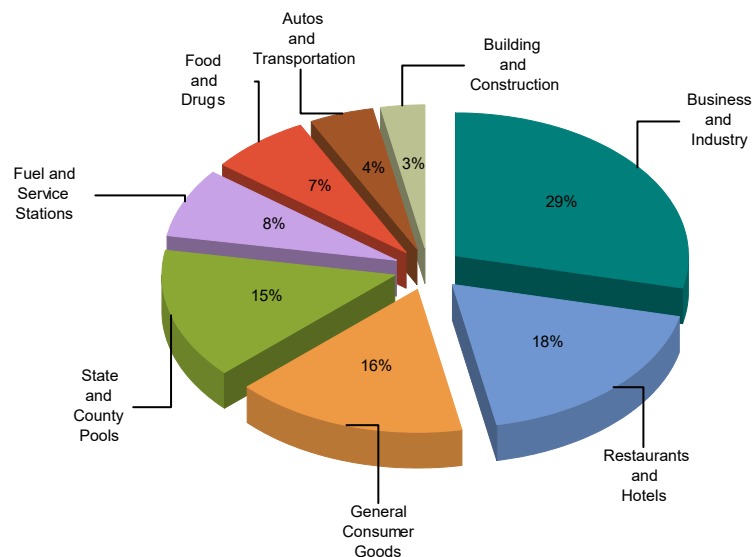
<i>*In thousands of dollars</i>				
Business Type	Alameda		County	HdL State
	Q2 '17*	Change	Change	Change
Boats/Motorcycles	51.9	-3.1%	-2.7%	4.5%
Business Services	— CONFIDENTIAL —		25.0%	7.2%
Casual Dining	300.7	18.1%	3.3%	2.4%
Discount Dept Stores	— CONFIDENTIAL —		4.7%	3.2%
Drug Stores	55.7	0.9%	-0.2%	0.8%
Electrical Equipment	— CONFIDENTIAL —		-16.4%	3.3%
Family Apparel	85.1	-3.7%	5.1%	4.0%
Fast-Casual Restaurants	51.7	16.9%	7.3%	9.7%
Grocery Stores	95.6	0.9%	1.6%	2.1%
Home Furnishings	— CONFIDENTIAL —		71.8%	0.4%
Medical/Biotech	— CONFIDENTIAL —		3.0%	7.5%
Plumbing/Electrical Supplies	— CONFIDENTIAL —		12.0%	4.0%
Quick-Service Restaurants	129.1	9.2%	5.9%	5.8%
Service Stations	216.7	-4.8%	12.6%	8.6%
Specialty Stores	63.0	-0.7%	-1.6%	1.0%
<b>Total All Accounts</b>	<b>2,386.2</b>	<b>38.7%</b>	<b>4.9%</b>	<b>6.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>413.9</b>	<b>41.4%</b>	<b>6.9%</b>	<b>-9.9%</b>
<b>Gross Receipts</b>	<b>2,800.2</b>	<b>39.1%</b>	<b>5.2%</b>	<b>4.1%</b>
City/County Share	(140.0)	-39.1%		
<b>Net Receipts</b>	<b>2,660.2</b>	<b>39.1%</b>		

Major Industry Group	Count	2Q17	2Q16	\$ Change	% Change
Business and Industry	651	803,683	584,626	219,057	37.5%
Restaurants and Hotels	316	507,817	435,934	71,883	16.5%
General Consumer Goods	1,741	452,877	35,556	417,321	-N/A-
State and County Pools	-	413,946	292,663	121,283	41.4%
Fuel and Service Stations	20	216,893	227,789	(10,896)	-4.8%
Food and Drugs	98	194,004	192,316	1,688	0.9%
Autos and Transportation	127	125,018	117,669	7,349	6.2%
Building and Construction	71	83,369	126,295	(42,926)	-34.0%
Transfers & Unidentified	4	2,586	(210)	2,796	-N/A-
Total	3,028	2,800,192	2,012,637	787,555	39.1%

**2Q16 Compared To 2Q17**



**2Q17 Percent of Total**



# CITY OF ALAMEDA

## MAJOR INDUSTRY GROUPS - 13 QUARTER HISTORY

Sales Tax by Major Industry Group

**Business And Industry**

Count: 651

**Restaurants And Hotels**

Count: 316

**General Consumer Goods**

Count: 1,741

**State & County Pools**

**Fuel And Service Stations**

Count: 20

**Food And Drugs**

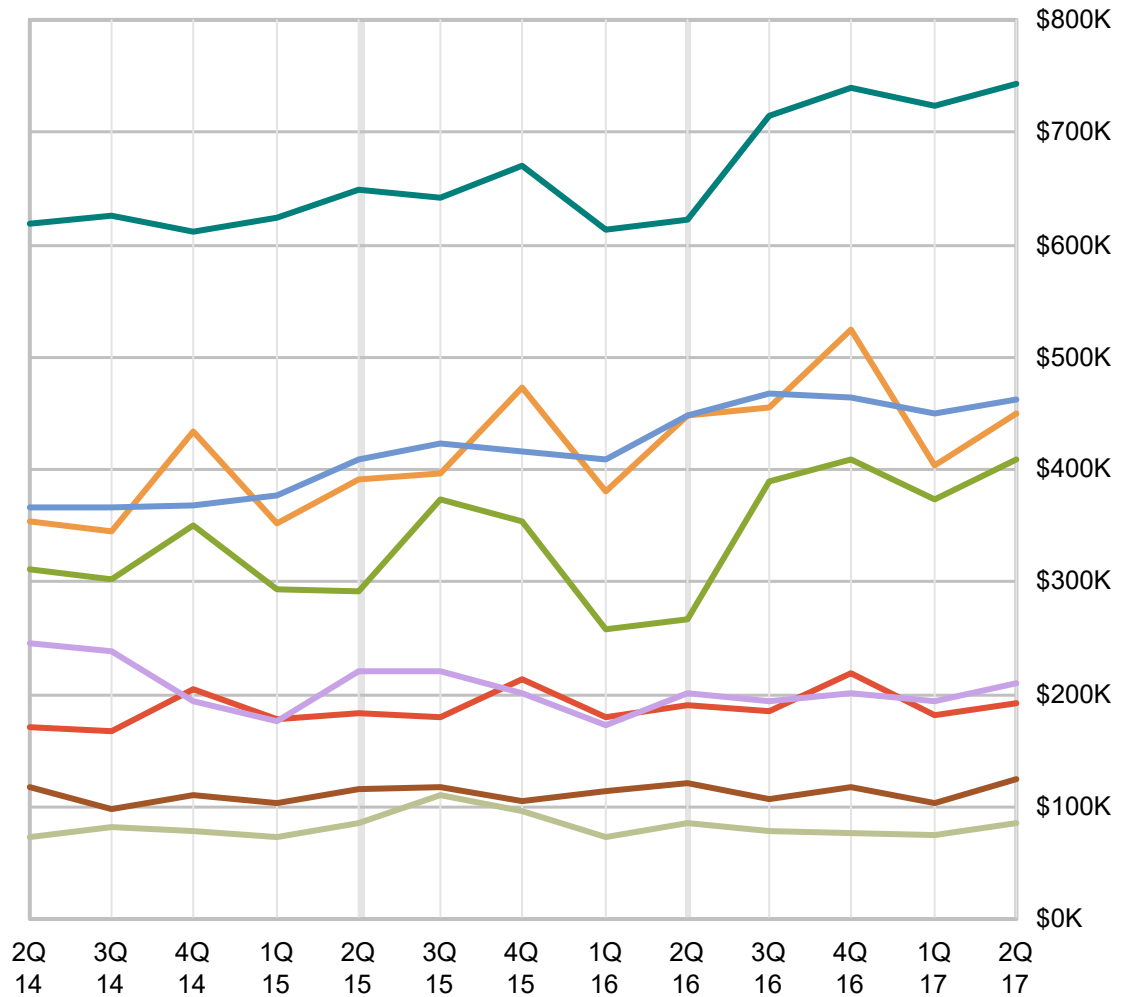
Count: 98

**Autos And Transportation**

Count: 127

**Building And Construction**

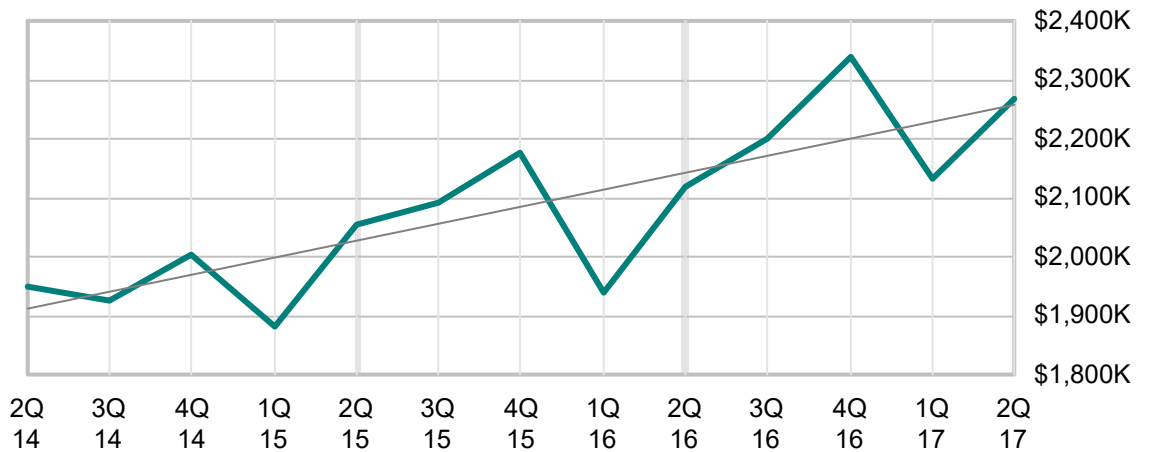
Count: 71



Agency Trend

**Alameda**

13 Quarter Trend: +18.1%



Periods shown reflect the period in which the sales occurred - Point of Sale

CONFIDENTIAL INFORMATION - DO NOT COPY OR DISTRIBUTE WITHOUT AUTHORIZATION

HdL • 909.861.4335 • www.hdlcompanies.com

# CITY OF ALAMEDA

## GEO AREA COMPARISONS - 13 QUARTER HISTORY

Geo Area Names

Sales Tax by Geographic areas

### Harbor Bay Business Park

Count: 62

### South Shore Center

Count: 80

### Alameda Landing

Count: 41

### Park - South Of Lincoln

Count: 312

### Park - North Of Lincoln

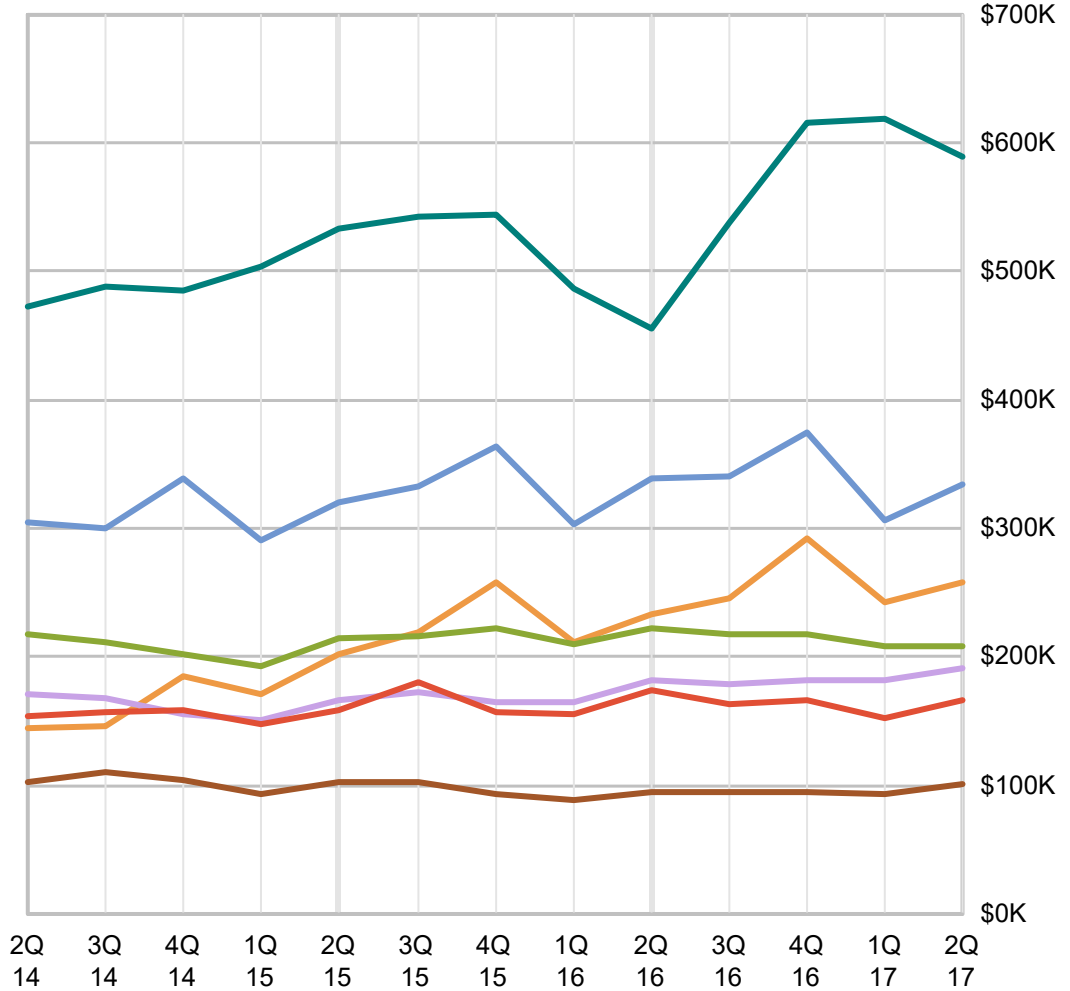
Count: 111

### Clement Ave & Blanding Ave

Count: 115

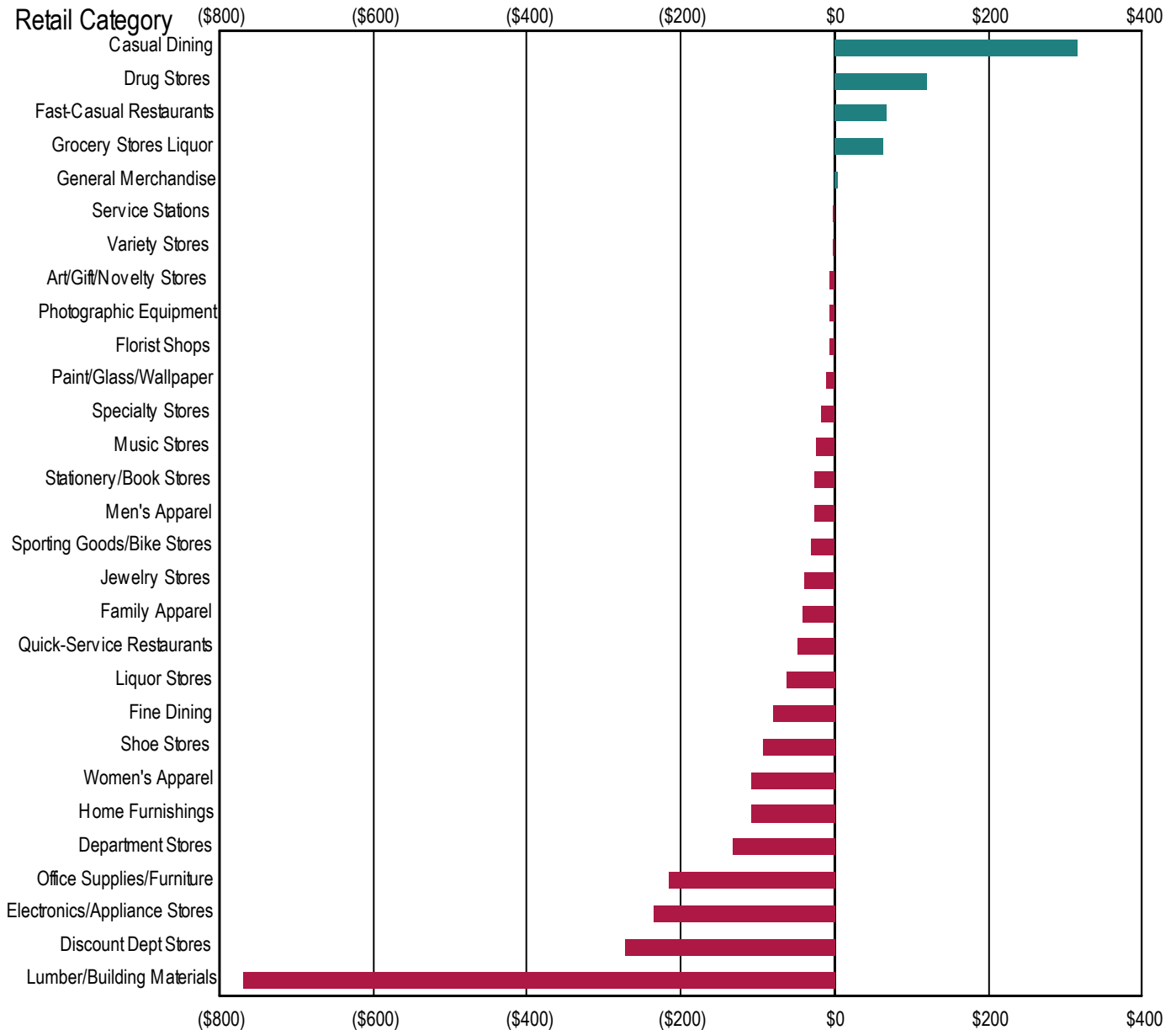
### Webster-north Of Lincoln

Count: 38



\* Periods Shown Reflect the Period in Which the Sales Occurred - Point of Sale

CONFIDENTIAL INFORMATION - DO NOT COPY OR DISTRIBUTE WITHOUT AUTHORIZATION



The above graph compares **per capita** sales tax generated from targeted retail categories against countywide averages. A **retail surplus** suggests the community is capturing its local market for that category of goods plus attracting shoppers from outside the jurisdiction. A **retail gap** suggests the possibility that residents may have a greater demand for products in the specific category than is being satisfied by local businesses. The information is provided only as a **starting point** in identifying potential sources of sales tax loss and should not automatically be interpreted as an expansion or leveraging opportunity without more detailed analysis and assessment.



# ALAMEDA COUNTY ALL AGENCIES

## SALES TAX TRENDS FOR ALL AGENCIES - 2Q 2017 SALES

Agency allocations reflect "point of sale" receipts

Agency Name	Count	Current Year* 2Q 2017	Prior Year* 2Q 2016	Share of County Pool	Actual Receipts % Change	Adjusted* % Change
Livermore	2,912	7,267,831	6,425,561	10.2%	+ 13.1%	+ 12.9%
<b>Alameda</b>	<b>3,028</b>	<b>2,386,246</b>	<b>1,719,974</b>	<b>3.3%</b>	<b>+ 38.7%</b>	<b>+ 7.1%</b>
Union City	1,319	2,441,947	2,253,879	3.4%	+ 8.3%	+ 5.1%
Oakland	13,454	12,308,356	11,363,102	17.3%	+ 8.3%	+ 4.0%
Piedmont	216	39,682	38,582	0.1%	+ 2.8%	+ 2.3%
Alameda Co. Uninc	2,562	2,218,280	2,171,469	3.1%	+ 2.2%	+ 2.1%
Dublin	1,469	4,310,523	4,428,992	6.0%	- 2.7%	+ 1.3%
Newark	1,449	2,774,456	2,685,410	3.9%	+ 3.3%	+ 1.2%
Pleasanton	3,686	5,309,428	5,148,335	7.4%	+ 3.1%	+ 0.9%
Fremont	5,581	12,056,595	10,953,947	16.9%	+ 10.1%	+ 0.6%
San Leandro	2,768	6,660,043	6,698,876	9.3%	- 0.6%	+ 0.2%
Emeryville	902	1,971,399	1,988,933	2.8%	- 0.9%	- 0.3%
Hayward	4,407	7,034,912	7,345,606	9.9%	- 4.2%	- 3.1%
Berkeley	4,846	4,032,454	4,205,757	5.7%	- 4.1%	- 3.3%
Albany	546	500,035	575,460	0.7%	- 13.1%	- 14.4%
Totals	49,145	71,312,188	68,003,885	100.0%	+ 4.9%	+ 2.0%
Alameda Pool	14,221	12,409,158	11,546,969		+ 7.5%	+ 15.5%



# CITY OF ALAMEDA

## AGENCY COMPARISONS

Per Capita Sales

**Alameda**

Count: 3,028

**Oakland**

Count: 13,454

**San Leandro**

Count: 2,768

**El Cerrito**

Count: 684

**Berkeley**

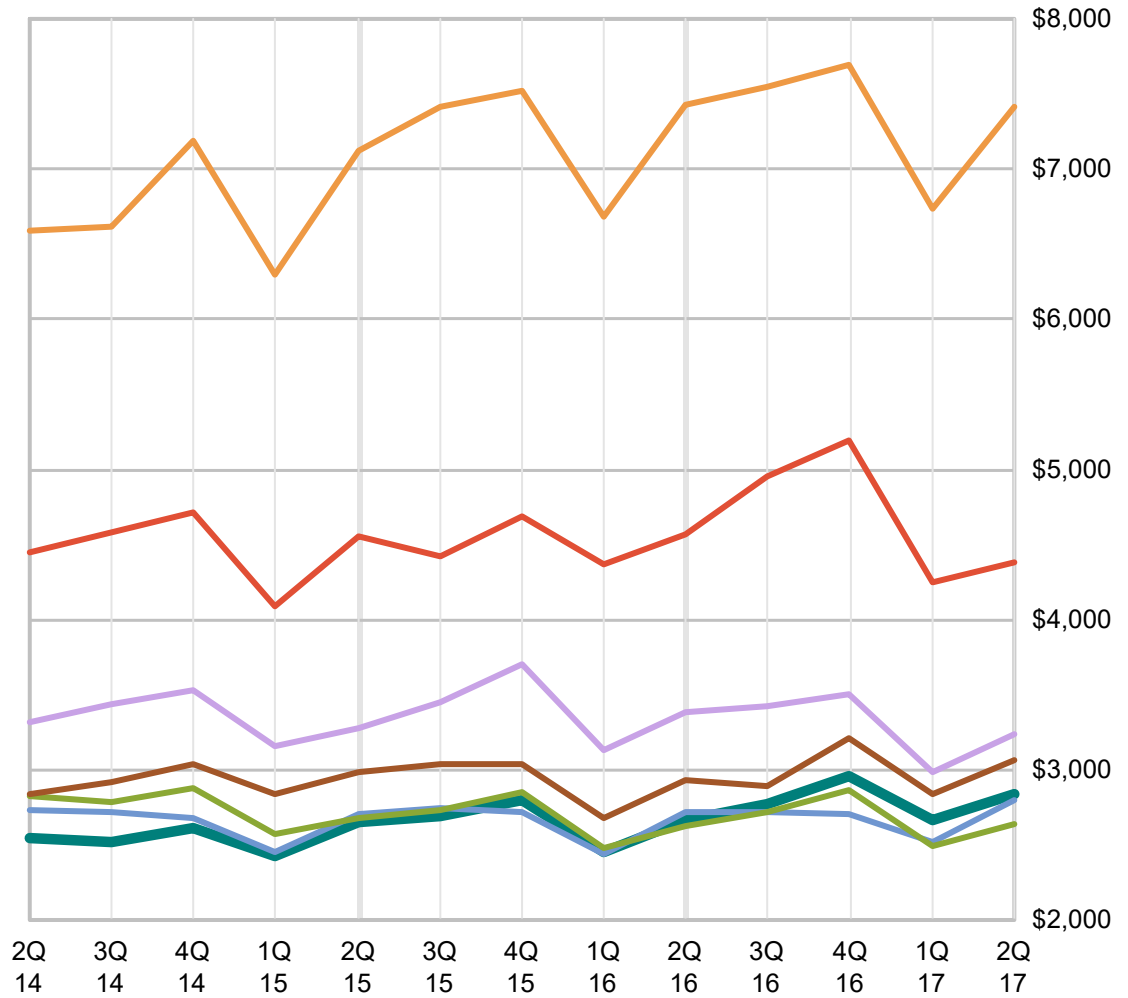
Count: 4,846

**Hayward**

Count: 4,407

**Union City**

Count: 1,319



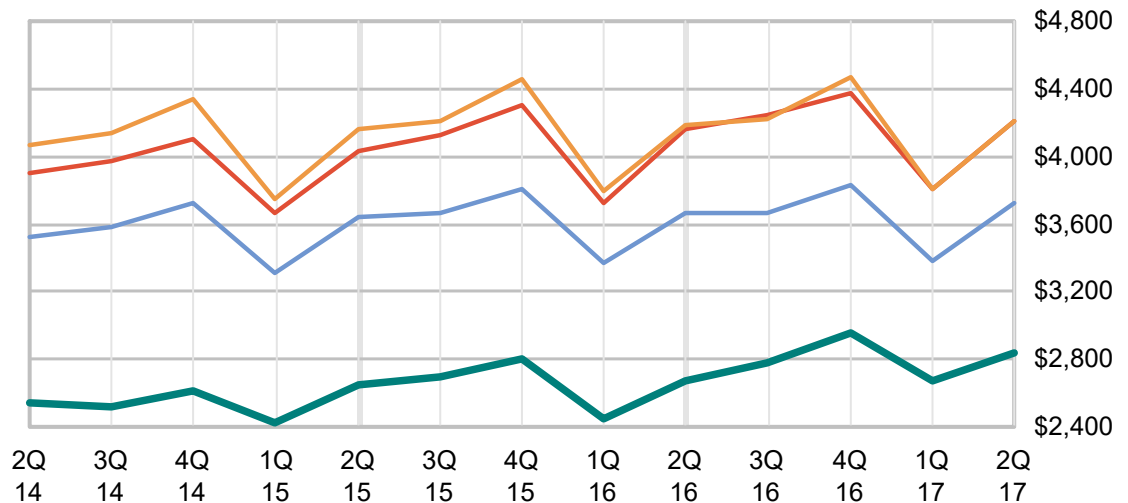
Per Capita Sales

**Alameda**

**Alameda County**

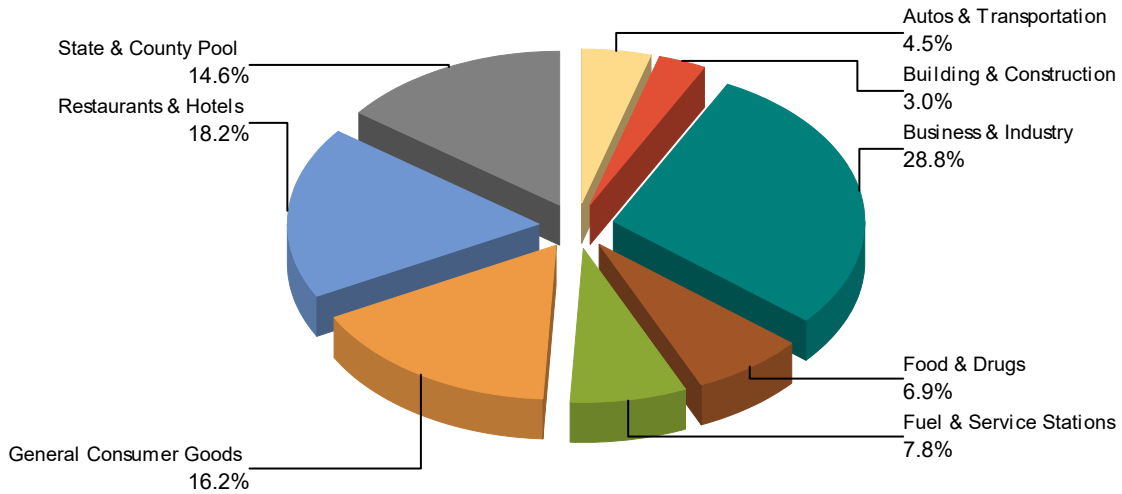
**Bay Area**

**California**



Periods shown reflect the period in which the sales occurred - Point of Sale

## City of Alameda



## HdL Client Database Statewide Totals

