



Quarterly Sales Tax Report
for the Period Ending
June 30, 2018

Q1 2018



City of Alameda Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2018)

Alameda In Brief

Alameda's receipts from January through March were 5.1% below the first sales period in 2017. Excluding reporting aberrations, actual sales were up 1.2%.

Business to business transactions were lower than a year ago with mixed results in several sectors due to onetime events including state-initiated audit adjustments and fund transfers.

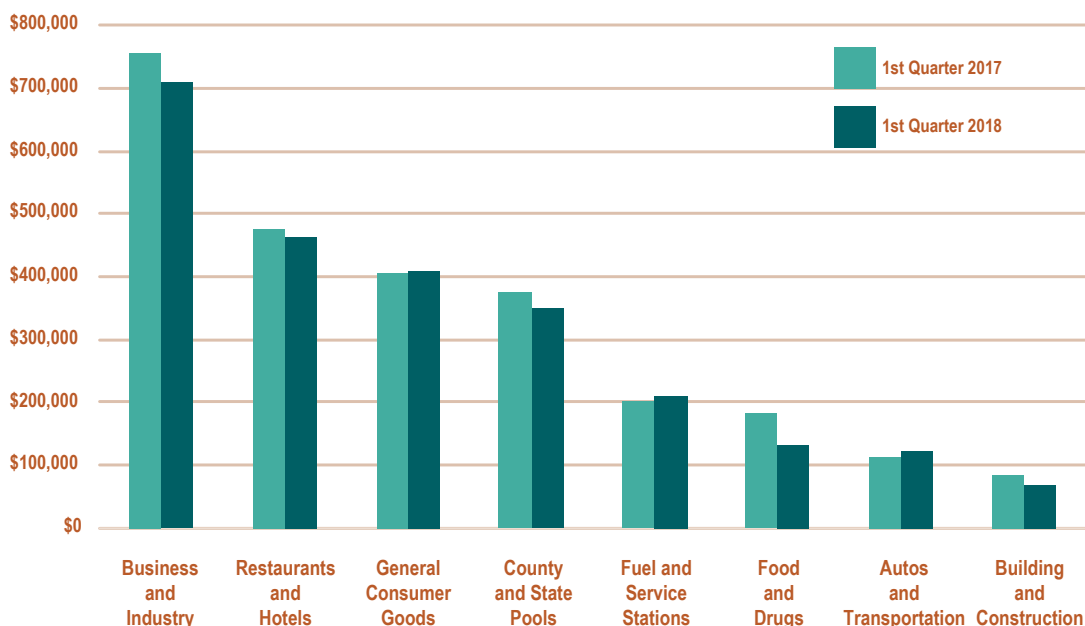
Delayed disbursements due to the state's conversion to a new software system adversely impacted grocery stores, quick-service restaurants, specialty stores and electronics/appliance stores. The missing payments are anticipated to be received with the 2Q18 allocations.

Multiple non-recurring deviations accounted for the decline in the City's share of the countywide use tax allocation pool. Once similar occurrences were removed, fuel-related receipts were up 10.6%.

Recent openings boosted results in the autos and transportation group.

Net of aberrations, taxable sales for all of Alameda County grew 9.0% over the comparable time; the Bay Area was up 6.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

ABB Optical Group	McDonalds
Alameda Electrical Distributors	Neopost
Alameda Sushi House	Nob Hill Fuel
Bay Ship & Yacht Co	North Face
Bron Tapes of California	Penumbra
Chevron	Pottery Barn Outlet
CVS Pharmacy	Ross
DK Arco	Safeway
Fres Co Systems	Safeway Fuel
In N Out Burgers	Standard Process
Kohls	Northern California
La Penca Azul	Target
	TJ Maxx
	Webster 76

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2016-17	2017-18
Point-of-Sale	\$7,108,992	\$6,844,482
County Pool	1,165,246	1,093,067
State Pool	6,562	4,436
Gross Receipts	\$8,280,799	\$7,941,985
Cty/Cnty Share	(414,040)	(397,099)
Net Receipts	\$7,866,759	\$7,544,885

CDTFA Changes

The California Department of Taxes and Fees Administration (CDTFA) implemented new reporting software – Centralized Revenue Opportunity System (CROS) with the first quarter 2018 tax filings. The change will allow CDTFA to collect and allocate tax revenue more quickly than the prior system making data more timely and relevant for decision making purposes. There will also be a greater emphasis on electronic tax filing with the goal of decreasing errors and misallocations.

During the changeover, CDTFA had a hard cutoff of April 30 for tax returns. Allocating the revenue received through that period left some activity out of the current quarter, pushing it to the second quarter 2018. However, CDTFA will be disbursing the revenue related to the previously delayed payments with the June 2018 monthly allocation.

In summary, the change in software and partial allocations in the first quarter 2018 payments will inflate actual distributions in June 2018 and be included with second quarter 2018 data.

Statewide Results

Given the CDTFA changeover, the statewide first quarter 2018 receipts were 1.8% lower than the prior year. However, once HdL adjusted the results for missing payments and other accounting anomalies, the results were 5.9% higher than the same period in 2017.

A stellar rebound in building-construction activity, compared to a year ago when gloomy winter weather depressed results, and continued increases in fuel prices, were the primary contributors to overall growth. Steady receipts from purchases made online also helped boost countywide use tax pool allocations.

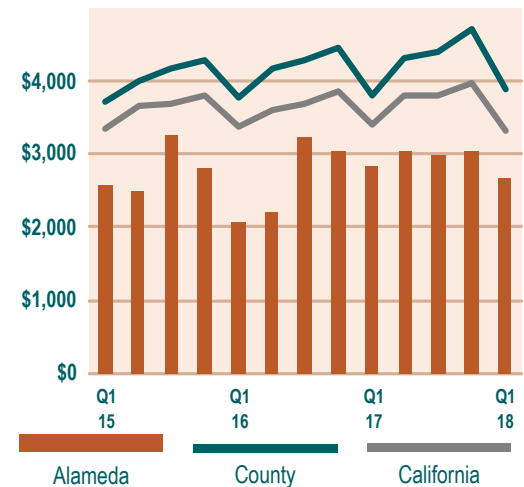
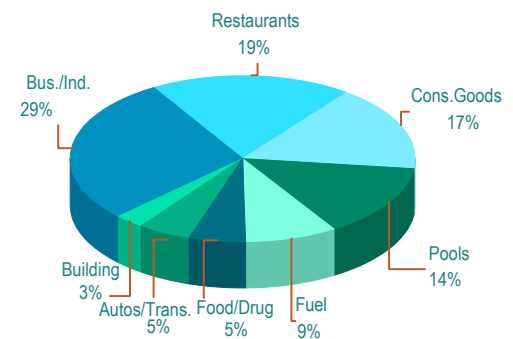
After a long period of solid growth in new car sales, much of the upward movement within this group is now coming from leases rather than purchases. Corporate tax breaks approved by Congress in December 2017, are expected to have a positive impact on the industrial sector as businesses look to invest excess cash.

Supreme Court Ruling

On Thursday, June 21, 2018, the Supreme Court ruled in a 5-4 decision to require out-of-state online retailers to collect sales taxes on sales to in-state residents. The physical presence rule as defined by *Quill* is no longer a clear or easily applicable standard, and the online interstate marketplace was not the prevailing issue before the court in 1992.

In California, numerous online retailers already collect and remit state and local taxes, including 2 of the 3 companies involved in this Supreme Court case (*Wayfair* and *Newegg*).

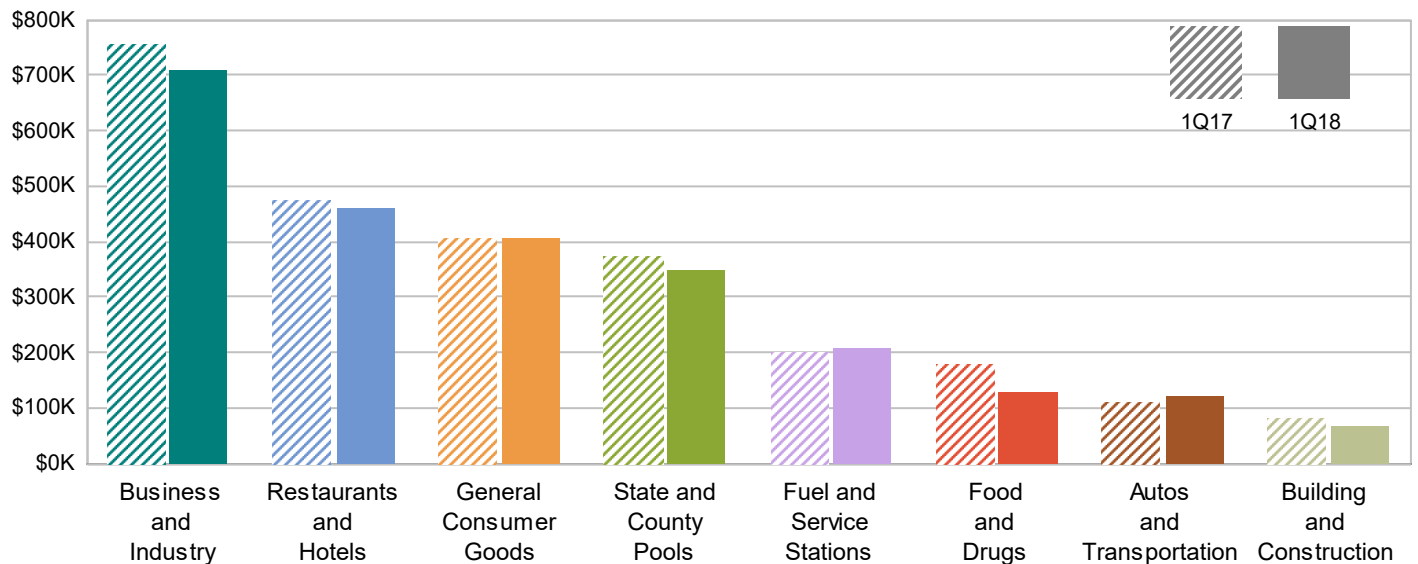
According to a study conducted by the California State Board of Equalization, the total revenue losses related to remote sellers for both businesses and household consumers were about \$1.453 billion in fiscal year 2016-17. Unpaid use tax liabilities in 2016-17 average \$60 per year for each California household, and California businesses average \$171 per year in unpaid use tax liabilities. The CDTFA is currently reviewing the court's opinion to determine next steps to support taxpayers.

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

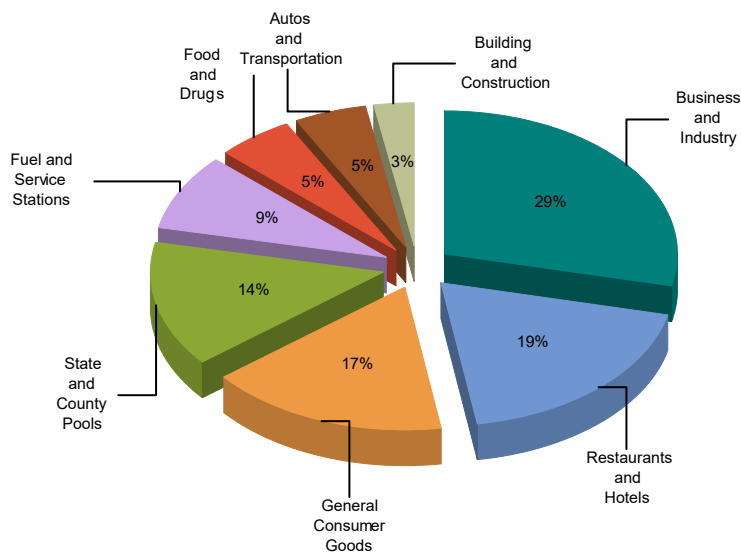
<i>*In thousands of dollars</i>				
Business Type	Alameda Q1 '18*	Alameda Change	County Change	HdL State Change
Boats/Motorcycles	44.2	-0.3%	-5.2%	3.7%
Casual Dining	271.2	-3.1%	-1.3%	-2.0%
Convenience Stores/Liquor	34.2	0.4%	-1.3%	0.6%
Discount Dept Stores	—	CONFIDENTIAL	2.5%	2.8%
Family Apparel	75.6	4.7%	11.1%	8.2%
Fast-Casual Restaurants	46.0	-2.3%	10.8%	6.8%
Fulfillment Centers	—	CONFIDENTIAL	10.0%	39.4%
Grocery Stores	76.3	-15.5%	-9.1%	1.9%
Home Furnishings	38.8	-15.1%	1.1%	-1.0%
Light Industrial/Printers	41.7	38.3%	-11.2%	-12.2%
Medical/Biotech	—	CONFIDENTIAL	-10.5%	10.0%
Plumbing/Electrical Supplies	—	CONFIDENTIAL	4.8%	11.6%
Quick-Service Restaurants	127.6	1.0%	-4.2%	-3.8%
Service Stations	210.1	4.6%	6.3%	4.6%
Specialty Stores	52.4	-15.7%	-8.8%	-10.0%
Total All Accounts	2,112.8	-4.8%	3.1%	-1.8%
County & State Pool Allocation	350.1	-6.4%	1.5%	-2.1%
Gross Receipts	2,462.9	-5.1%	2.9%	-1.8%
City/County Share	(123.1)	5.1%		
Net Receipts	2,339.8	-5.1%		

Major Industry Group	Count	1Q18	1Q17	\$ Change	% Change
Business and Industry	640	707,800	754,625	(46,825)	-6.2%
Restaurants and Hotels	324	462,066	476,652	(14,586)	-3.1%
General Consumer Goods	1,665	408,629	406,537	2,092	0.5%
State and County Pools	-	350,077	373,898	(23,821)	-6.4%
Fuel and Service Stations	20	211,553	201,186	10,366	5.2%
Food and Drugs	100	130,828	182,573	(51,745)	-28.3%
Autos and Transportation	126	123,528	114,207	9,321	8.2%
Building and Construction	72	68,245	83,691	(15,445)	-18.5%
Transfers & Unidentified	6	175	819	(644)	-78.7%
Total	2,953	2,462,901	2,594,189	(131,288)	-5.1%

1Q17 Compared To 1Q18



1Q18 Percent of Total



CITY OF ALAMEDA

MAJOR INDUSTRY GROUPS - 13 QUARTER HISTORY

Sales Tax by Major Industry Group

Business And Industry

Count: 640

Restaurants And Hotels

Count: 324

General Consumer Goods

Count: 1,665

State & County Pools

Fuel And Service Stations

Count: 20

Food And Drugs

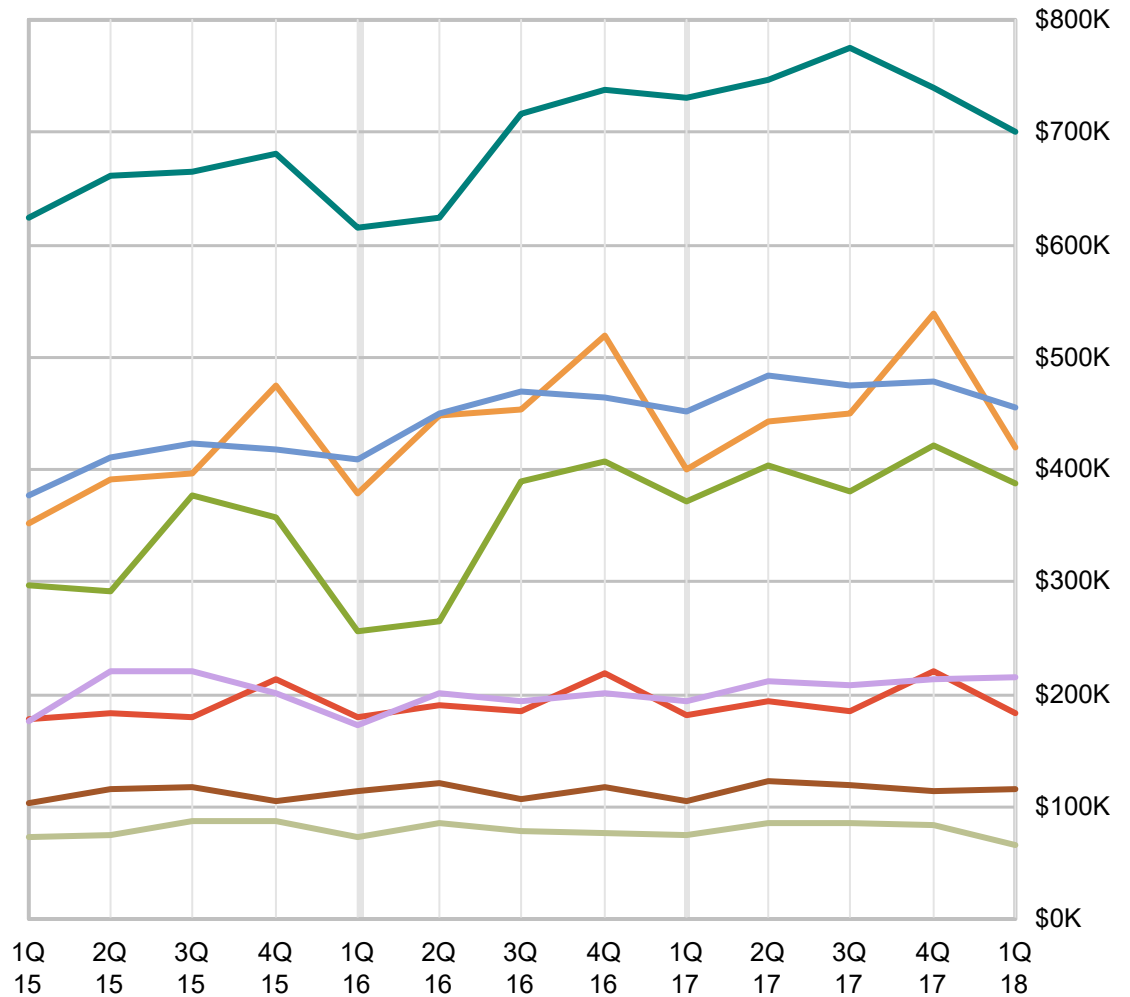
Count: 100

Autos And Transportation

Count: 126

Building And Construction

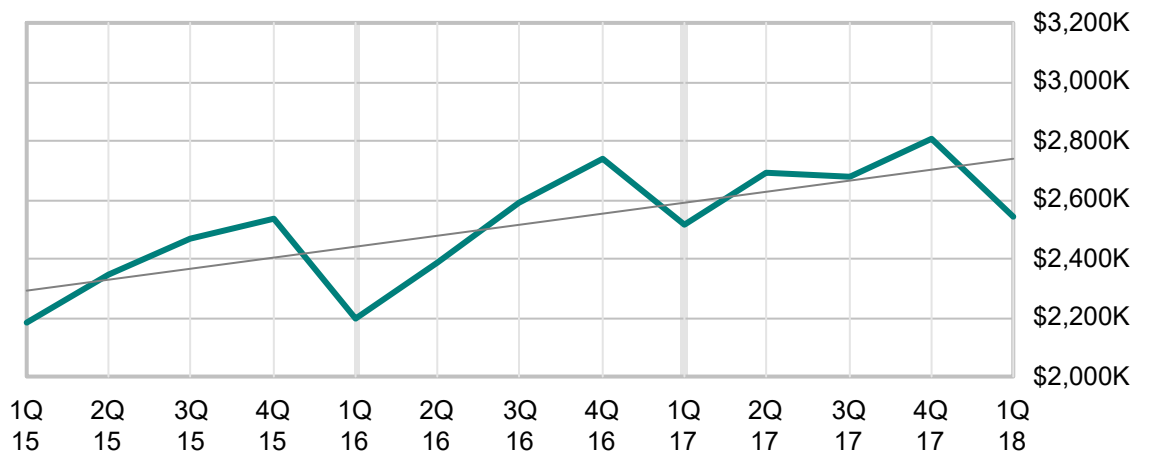
Count: 72



Agency Trend

Alameda

13 Quarter Trend: +19.4%



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

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CITY OF ALAMEDA

GEO AREA COMPARISONS - 13 QUARTER HISTORY

Geo Area Names

Sales Tax by Geographic areas

Harbor Bay Business Park

Count: 60

South Shore Center

Count: 75

Alameda Landing

Count: 40

Park - North & South Of Lincoln

Count: 427

Webster- North & South Of Lincoln

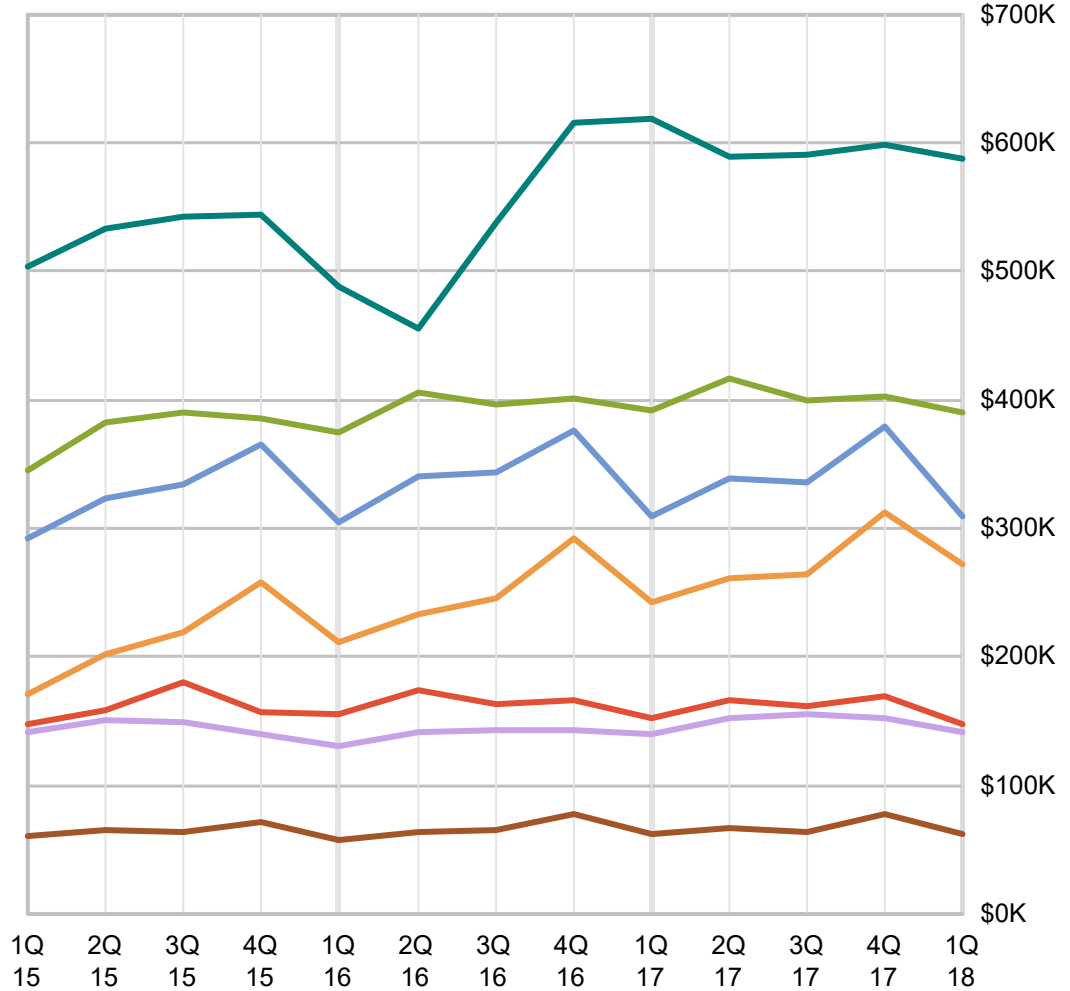
Count: 120

Clement Ave & Blanding Ave

Count: 117

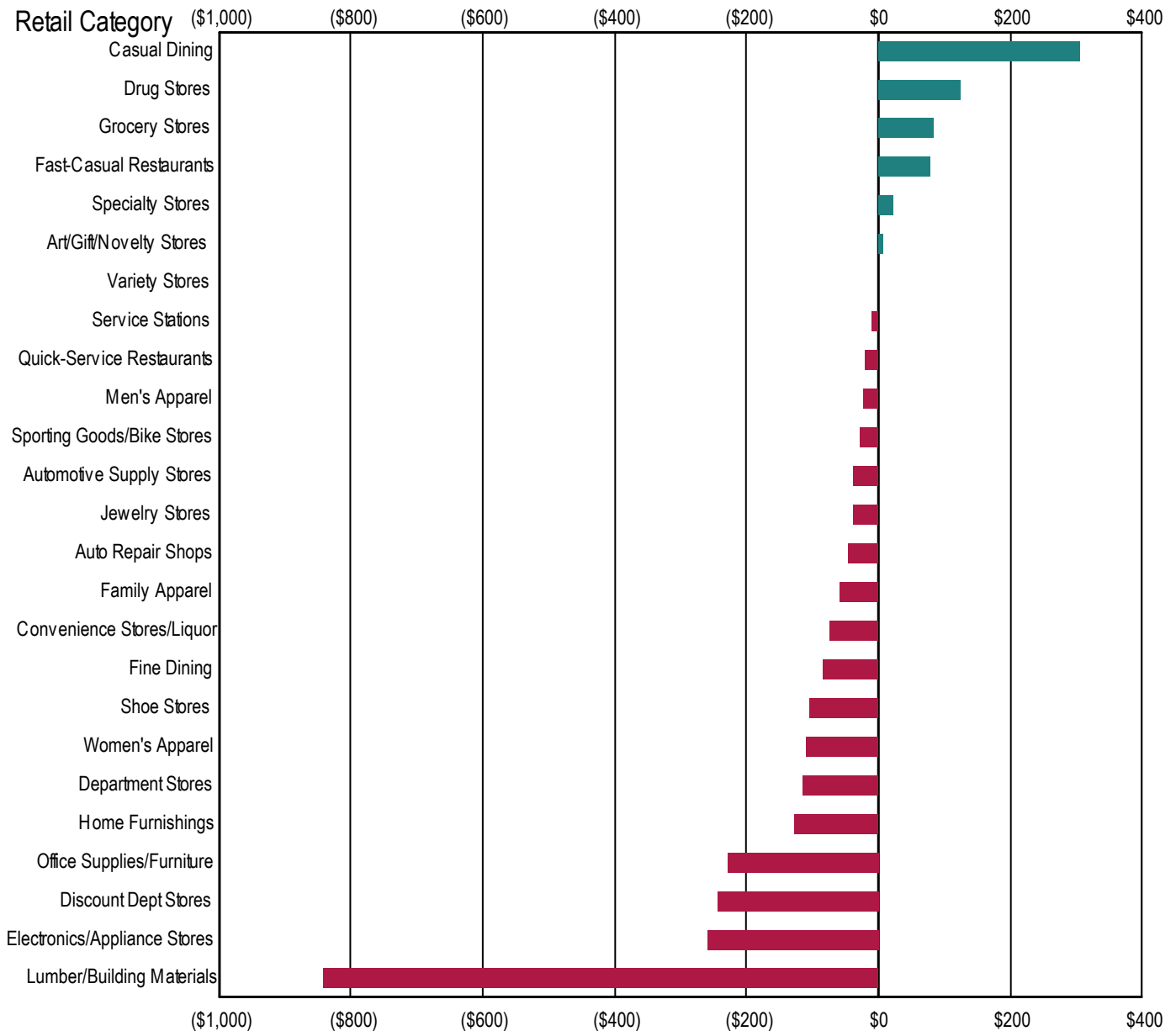
Bridgeside Center

Count: 35



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

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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 - 1Q 2018 SALES

Agency allocations reflect "point of sale" receipts

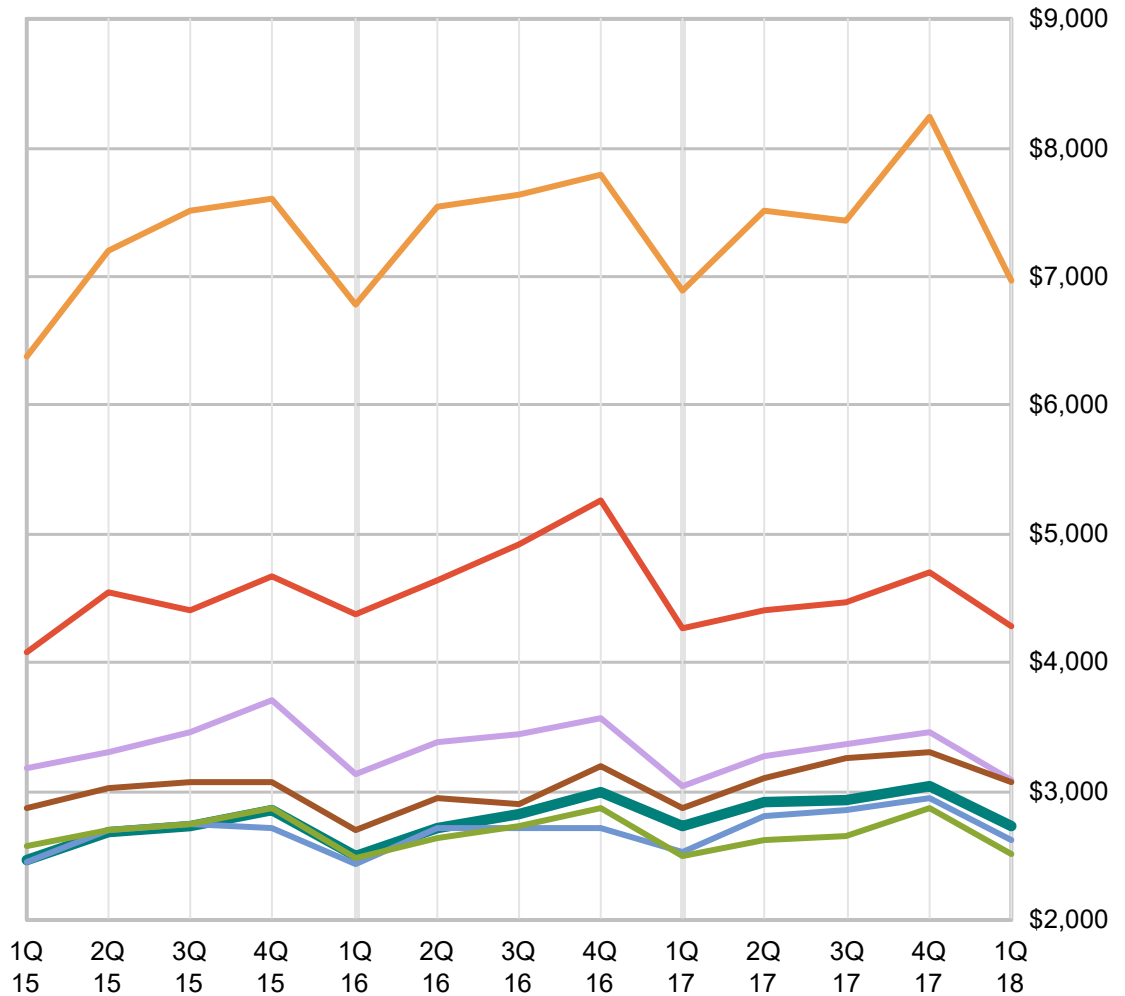
Agency Name	Count	Current Year* 1Q 2018	Prior Year* 1Q 2017	Share of County Pool	Actual Receipts % Change	Adjusted* % Change
Fremont	5,500	13,092,592	9,972,187	20.2%	+ 31.3%	+ 31.2%
Livermore	2,875	5,876,891	4,888,877	9.1%	+ 20.2%	+ 11.7%
Alameda Co. Uninc	2,520	1,982,813	1,810,043	3.1%	+ 9.5%	+ 11.2%
Newark	1,433	2,478,046	2,490,615	3.8%	- 0.5%	+ 7.2%
Union City	1,313	2,282,364	2,089,398	3.5%	+ 9.2%	+ 7.2%
Piedmont	217	37,012	36,017	0.1%	+ 2.8%	+ 6.9%
Dublin	1,417	3,940,892	4,138,138	6.1%	- 4.8%	+ 5.0%
Oakland	13,397	10,800,514	10,976,207	16.7%	- 1.6%	+ 4.1%
Emeryville	880	1,741,292	1,806,517	2.7%	- 3.6%	+ 3.1%
Berkeley	4,786	3,525,965	3,532,765	5.4%	- 0.2%	+ 2.6%
San Leandro	2,666	5,584,062	5,964,122	8.6%	- 6.4%	+ 1.3%
Alameda	2,953	2,112,824	2,220,291	3.3%	- 4.8%	+ 0.6%
Hayward	4,339	6,653,648	7,397,100	10.3%	- 10.1%	+ 0.4%
Albany	539	521,746	536,027	0.8%	- 2.7%	- 0.8%
Pleasanton	3,695	4,108,716	4,917,554	6.3%	- 16.4%	- 2.9%
Totals	48,530	64,739,376	62,775,857	100.0%	+ 3.1%	+ 8.2%
Alameda Pool	13,619	10,669,510	10,480,884		+ 1.8%	+ 13.1%

CITY OF ALAMEDA

AGENCY COMPARISONS

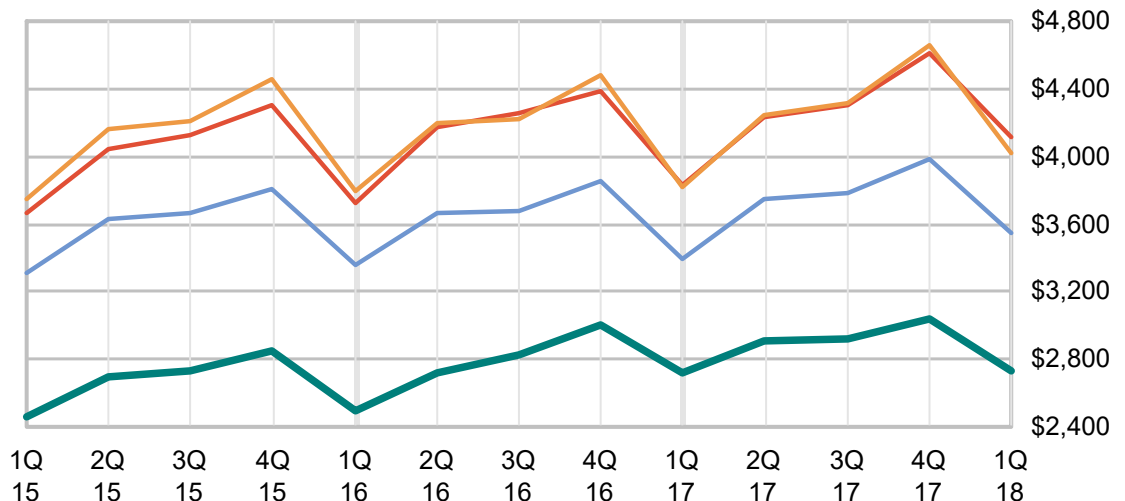
Per Capita Sales

Alameda
Count: 2,953
Oakland
Count: 13,397
San Leandro
Count: 2,666
El Cerrito
Count: 662
Berkeley
Count: 4,786
Hayward
Count: 4,339
Union City
Count: 1,313



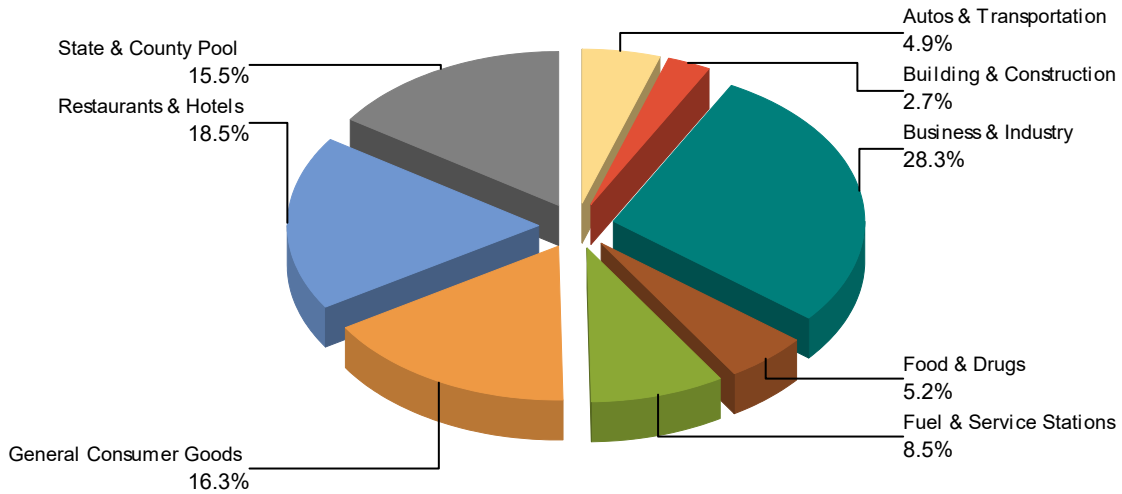
Per Capita Sales

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

