

Q3 2014



City of Burlingame Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2014)

Burlingame In Brief

Receipts for Burlingame's July through September sales were 10.4% above the same quarter one year ago.

All industry groups were up except business and industry which, net of onetime payment aberrations that inflated year ago receipts, also grew. Contractor and lumber and building material sales lifted the building and construction comparison. New motor vehicle dealer results combined with auto lease totals generated most of the growth in autos and transportation proceeds. New business additions contributed to general consumer, restaurant and fuel and service station totals. Food and drugs gains were consistent with countywide trends.

The city's share of the countywide use tax pool jumped 27.9% from the year-ago quarter and was responsible for one-third of the overall quarterly revenue increase.

Adjusted for aberrations, taxable sales for all of San Mateo County grew 5.4% from the comparable time period while the 9-county Bay Area was up 6.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

ABC Supply	Marin Gas and Auto Services
Alfa Romero and Fiat of Burlingame	Marriott SF Airport
All Industrial Supply	Mike Harvey Acura
All Natural Stone	Mike Harvey Honda
Apple	Payless Car Rental
Au Energy Shell Station	Putnam Chevrolet Cadillac
Audi Leasing	Putnam Mazda
Bentley Leasing	Putnam Volvo
Benihana	Putnam Toyota
Chevron	Rector Porsche Audi
Color Copy Printing	Safeway
Garratt Callahan	Tesla Motors
Hyatt Regency	Walgreens
Hyundai Burlingame	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$4,439,566	\$4,878,574
County Pool	596,787	739,258
State Pool	2,402	3,624
Gross Receipts	\$5,038,756	\$5,621,456
Cty/Cnty Share	(251,938)	(281,073)
Net Receipts	\$4,786,818	\$5,340,383
Less Triple Flip*	\$(1,196,704)	\$(1,335,096)

*Reimbursed from county compensation fund

California Overall

With payment aberrations removed, local sales tax revenues rose 5.5% over the comparable quarter of July through September 2013.

The largest gains were from the countywide use tax pools which have been boosted by the rising shift to online shopping and involve a larger portion of goods shipped from out-of-state. Rising sales from auto dealers and restaurants, high tech Silicon Valley business activities, and Southern California construction also contributed.

Among general consumer goods, discount department stores, value priced apparel, home goods, pet and personal care products outperformed other categories.

The Impact of Falling Gas Prices on Sales Tax

Fuel prices plunged to a 5 year low in December with predictions that expanded North American oil production, gains in fuel efficiency and a sluggish international economy will sustain lower gas prices through much of 2015.

Not all of the estimated \$50 to \$75 per month family savings will be spent on taxable goods. Part will be absorbed by rising costs of food and other non-taxable necessities and by the ongoing shift in buying habits from purchases of taxable goods to non-taxable services, cellphone fees and internet access.

Among the various economic segments that make up each agency's sales tax base, grocers, drug stores and restaurants should benefit most. Extra disposable income translates into more travel, dining out and impulse purchases of taxable items while shopping for food and necessities.

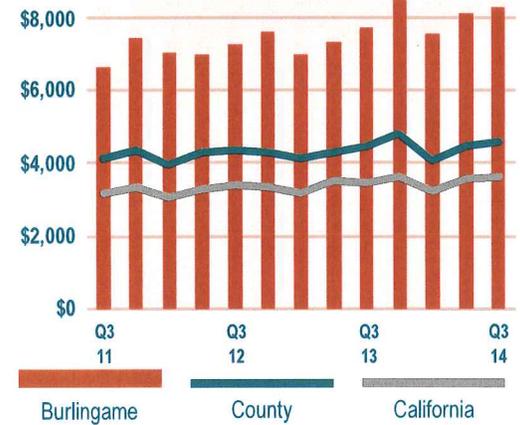
Despite intensive price competition, tax gains from general con-

sumer goods can also be expected although accelerating online shopping will shift much of the growth to the countywide allocation pools rather than brick and mortar stores.

Agencies with auto dealerships are also benefiting as lower fuel prices and increased fuel efficiency have buyers choosing more costly SUVs and accessories. Gains in home improvement purchases are anticipated although the tax will be distributed via countywide pools if the sale includes onsite installation.

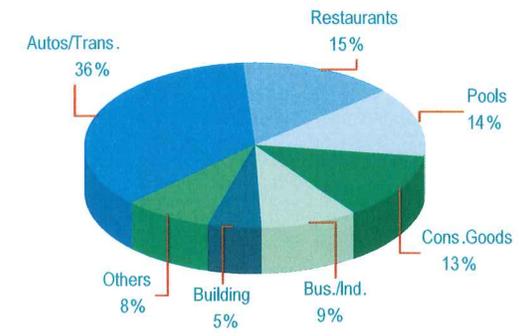
The major losing tax segment will be in fuel/service stations. The losses will be partially offset by increased travel/fuel consumption and by added costs associated with new green emission requirements that went into effect January 1. Even so, substantial declines from service stations, truck stops, bulk and jet fuel operators and petroleum industry suppliers should be anticipated. In the business/industry segment, tax from capital investment in new alternative energy and oil production projects is likely to slow.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Burlingame This Quarter



BURLINGAME TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Burlingame Q3 '14*	Burlingame Change	County Change	HdL State Change
Auto Lease	66.2	32.0%	19.3%	3.1%
Casual Dining	167.7	15.6%	12.4%	6.0%
Contractors	47.0	43.8%	22.1%	12.1%
Electrical Equipment	49.1	-25.6%	-5.8%	8.1%
Electronics/Appliance Stores	— CONFIDENTIAL —		3.4%	2.5%
Family Apparel	58.2	9.0%	17.2%	5.9%
Fine Dining	92.2	0.6%	5.3%	16.1%
Home Furnishings	53.5	0.1%	6.4%	6.3%
Hotels-Liquor	114.2	7.3%	6.8%	5.9%
Light Industrial/Printers	66.8	33.4%	-0.3%	6.3%
Lumber/Building Materials	50.1	18.8%	-2.8%	4.3%
New Motor Vehicle Dealers	851.5	9.5%	4.1%	8.0%
Service Stations	133.2	9.9%	-5.0%	1.2%
Specialty Stores	58.9	9.0%	7.1%	6.1%
Transportation/Rentals	51.0	-7.8%	-2.9%	12.9%
Total All Accounts	\$2,459.9	8.1%	2.8%	5.5%
County & State Pool Allocation	\$388.0	28.1%	21.8%	10.2%
Gross Receipts	\$2,847.8	10.4%	5.0%	6.1%
City/County Share	(142.4)	-10.4%		
Net Receipts	\$2,705.5	10.4%		