

Q2 2015



City of Burlingame Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2015)

Burlingame In Brief

Burlingame's receipts from April through June were 10.3% above the second sales period in 2014. Excluding reporting aberrations, actual sales were up 11.6%.

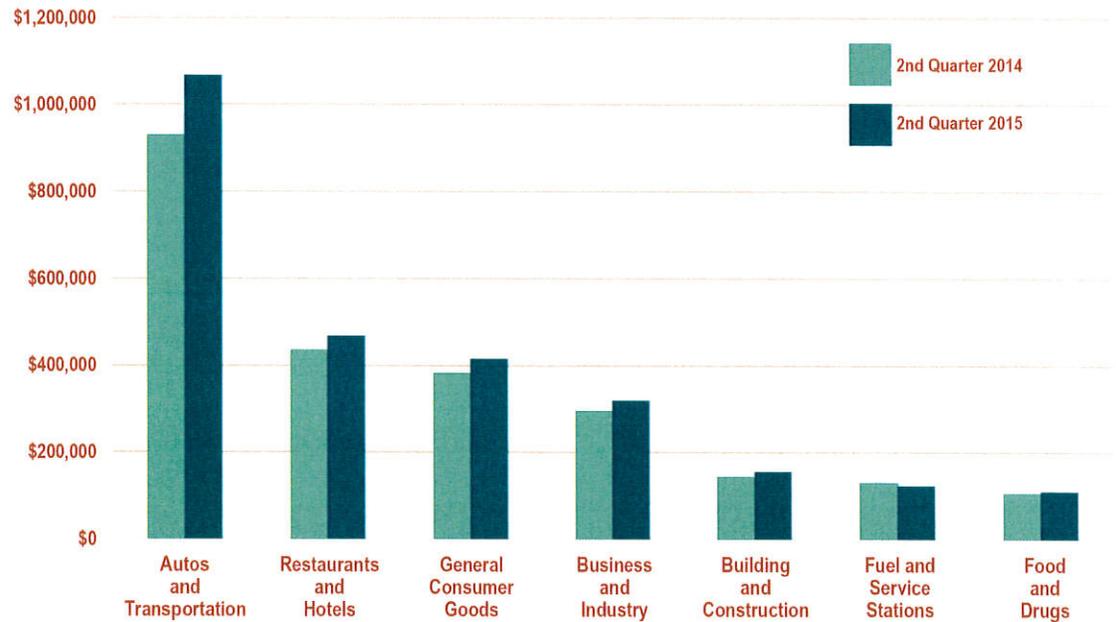
New auto sales posted double digit gains while a year ago taxpayer refund inflated the auto lease category. New eateries contributed to positive results in restaurants and hotels. General retail outpaced regional trends with growth in several sectors including home furnishings, specialty stores and electronics/appliance stores.

A recent opening in business services accounted for the increase in the business and industry group. Building related sectors showed higher returns compared to a year ago.

The loss from lower fuel prices in service stations was partially offset by a new station.

Net aberrations, taxable sales for all of San Mateo County grew 0.4% over the comparable time period; the Bay Area was up 3.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

ABC Supply	Kern Jewelers
All Industrial Supply	Marin Gas And Auto Services
All Natural Stone	Marriott Hotel Services
Apple	Mike Harvey Acura
Au Energy Shell Station	Mike Harvey Honda
Benihana	Putnam Chevrolet Cadillac
Cammisa Motor Car	Putnam Mazda
Chevron	Putnam Volvo
Color Copy Printing	Putnam Toyota
Eaton And Associates	Rector Porsche Audi
Garratt Callahan	Safeway
Hyatt Regency	Tesla Motors
Hyundai Burlingame	Walgreens

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$2,418,715	\$2,656,312
County Pool	353,008	400,340
State Pool	1,883	2,277
Gross Receipts	\$2,773,606	\$3,058,928
Cty/Cnty Share	(138,680)	(152,946)
Net Receipts	\$2,634,925	\$2,905,982
Less Triple Flip*	\$(658,731)	\$(726,495)

*Reimbursed from county compensation fund

Statewide Sales Tax Trends

Excluding accounting aberrations, the local one cent share of statewide sales occurring April through June was 3.4% higher than the comparable quarter of 2014.

Receipts from the countywide use tax allocation pools accounted for the largest portion of the increase reflecting a continuing shift in consumer preferences from brick and mortar stores to online shopping for merchandise shipped from out of state.

Sales and leases of new cars continued to post impressive gains as did contractor supplies and restaurants. Overall gains were offset by a 17.1% decline in receipts from service stations and petroleum related industries.

The Remaining Fiscal Year

The state's unemployment rate continues to decline and real disposable income is expected to grow 2.5% to 3.0% in the second half of 2015. This improvement in incomes coupled with easy credit conditions should stimulate an increase in housing starts as well as capital investment in equipment, alternate energy and technology.

The auto industry is anticipating continuing strong sales until tapering to more sustainable levels in 2016-2017. Building and construction, the only retail segment yet to return to pre-recession levels, is gaining momentum in several regions and is expected to account for 10% of sales tax growth in the second half of the fiscal year.

Restaurant sales continue to rise although there are some concerns that the strong dollar may impact sales in areas that cater to tourists from abroad. Gains from consumer goods are expected to be modest with the strong dollar cutting prices of imported goods and an ongoing shift in consumer spending from tangible goods to services, entertainment and other non-taxable purchases.

Gasoline prices remain well below the previous year due to a worldwide glut

of oil. Barring unexpected supply or refinery disruptions, prices are expected to trend lower through the first half of 2015-16 but begin rebounding in the second half.

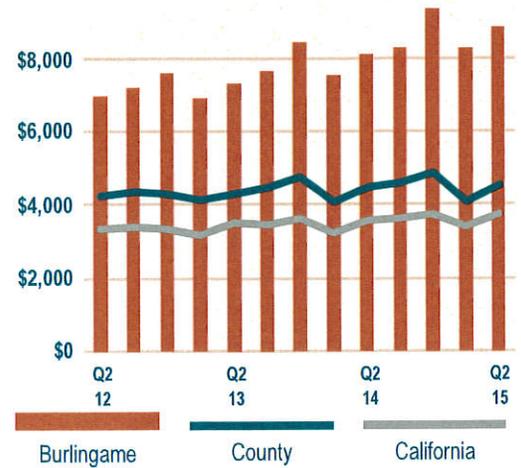
Internet Sales Tax Proposal

HR 2775 (The Remote Transaction Parity Act) is a new proposal by Representative Jason Chaffetz (R-Utah) authorizing states to require remote sellers without physical presence in their state to collect state and local sales tax from in-state buyers.

The bill currently has 52 sponsors and attempts to address objections to elements of the Marketplace Fairness Act that preceded it. The proposal provides for a three year phase in for small businesses, prohibits auditing remote sellers with annual sales under \$5 million, and requires states to provide software to enable remote sellers to collect and remit their tax.

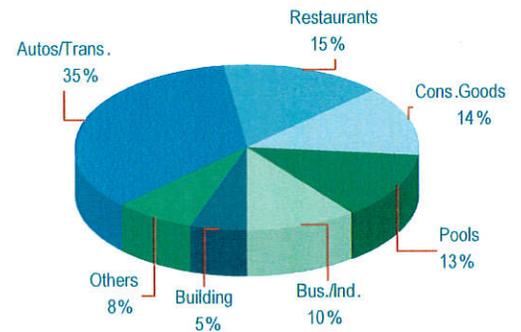
The Board of Equalization estimates that local governments in California currently lose approximately \$44 per capita in uncollected sales and use tax on e-commerce purchases.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Burlingame This Quarter



BURLINGAME TOP 15 BUSINESS TYPES

Business Type	<i>*In thousands of dollars</i>			
	Burlingame Q2 '15*	Change	County Change	HdL State Change
Auto Lease	72.7	31.4%	27.1%	28.6%
Business Services	51.7	91.8%	105.8%	5.9%
Casual Dining	197.6	11.5%	9.6%	6.0%
Contractors	60.5	8.5%	0.5%	14.3%
Electrical Equipment	50.2	-16.6%	-12.1%	-8.2%
Electronics/Appliance Stores	74.2	10.7%	1.9%	-1.3%
Family Apparel	63.2	-0.5%	-1.5%	2.8%
Fine Dining	97.8	16.5%	11.7%	12.2%
Home Furnishings	64.4	8.1%	62.6%	7.5%
Hotels-Liquor	124.7	0.3%	2.0%	3.0%
Light Industrial/Printers	66.0	5.3%	-10.3%	-0.6%
Lumber/Building Materials	48.4	6.0%	5.0%	4.5%
New Motor Vehicle Dealers	898.4	16.3%	8.3%	9.2%
Service Stations	122.6	-5.4%	-17.0%	-11.7%
Specialty Stores	72.9	14.8%	25.1%	5.6%
Total All Accounts	2,656.3	9.8%	2.0%	2.8%
County & State Pool Allocation	402.6	13.4%	5.3%	11.8%
Gross Receipts	3,058.9	10.3%	2.4%	3.8%
City/County Share	(152.9)	-10.3%		
Net Receipts	2,906.0	10.3%		