

Q3 2015



City of Burlingame Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2015)

Burlingame In Brief

Gross receipts for Burlingame's July through September sales were 14.5% higher than the same quarter one year earlier.

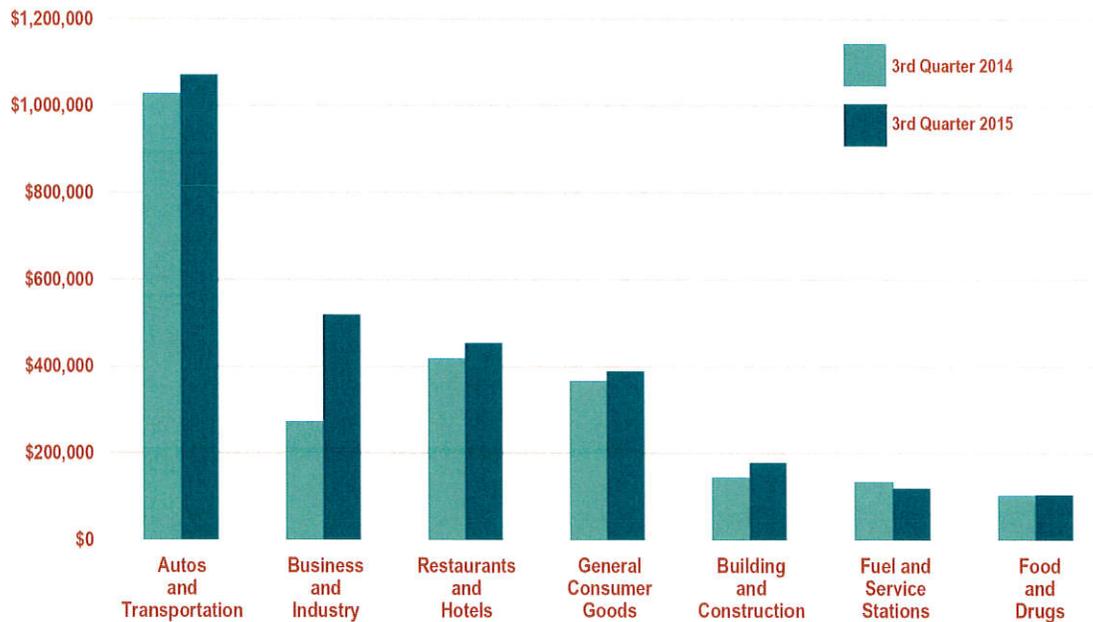
An unexpected allocation spiked receipts from the business and industry group. Solid sales of contractor supplies were primarily responsible for the increase from the building and construction sector. Recent additions contributed to gains from both fine and casual dining restaurants although results from the latter category were overstated by a delayed allocation in the year-ago quarter. The city also experienced sales increases from new car dealers and several classifications of consumer goods.

The allocation from the countywide use tax pool was also a factor for the overall increase. Pool proceeds are shared each quarter by the county's cities and the unincorporated area based on a ratio of taxable sales.

Lower prices at the pump pared service station receipts and postings declined from lumber-building materials, light industrial-printers, hotels-liquor and rental car agencies.

Adjusted for onetime reporting events, taxable sales for all of San Mateo County were level over the same period; the Bay Area was up 3.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

ABC Supply	Mike Harvey Acura
All Industrial Supply	Mike Harvey Honda
All Natural Stone	Putnam Chevrolet
Apple	Cadillac
Benihana	Putnam Mazda
Chevron	Putnam Volvo
Color Copy Printing	Putnam Toyota
Garratt Callahan	Rector Porsche Audi
Hanergy USA Solar Solution	Safeway
Hyatt Regency	Sephora
Hyundai Burlingame	Shell
Marin Gas And Auto Services	Specialty Door
Marriott Hotel Services	Tesla Motors
	Walgreens

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$4,878,574	\$5,485,222
County Pool	739,258	832,273
State Pool	3,624	2,819
Gross Receipts	\$5,621,456	\$6,320,313
Cty/Cnty Share	(281,073)	(316,016)
Net Receipts	\$5,340,383	\$6,004,298
Less Triple Flip*	\$(1,335,096)	\$(1,501,074)

*Reimbursed from county compensation fund

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter were up 2.4% over last year's comparable quarter after adjusting for payment aberrations.

New and used auto sales and leases continued to exhibit solid gains and were the primary contributor to the quarter's statewide growth. The countywide allocation pools were the second largest contributors to the overall gain, boosted by increased online sales activity. The state's travel and tourism industry contributed to a robust increase in receipts from restaurants and hotels. Recovering building and construction activity was also significant with an 8.6% increase over the comparison period.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the fourth consecutive quarter.

Overall performance was similar throughout most regions of the state, however the effect of lower fuel prices significantly dampened results in portions of the San Joaquin Valley.

Online Retail Sales Continue to Outpace Brick & Mortar Stores

Fourth quarter tax results will not be available until March but preliminary reports indicate holiday purchases from some brick and mortar stores are flat or down from 2014, while the volume of online shopping has set new records.

Although stores are not in danger of disappearing, the trend has many retail chains considering long-term plans for smaller "showroom" units with less square footage, employees, and in-store inventory.

HdL's statewide sales tax database for the first three quarters of 2015 shows that online orders for general consumer goods rose 17.6% over the first three quarters of 2014, while the overall sales gains at brick and mortar stores grew a modest 2.2%.

New Restrictions on Tax Sharing Agreements

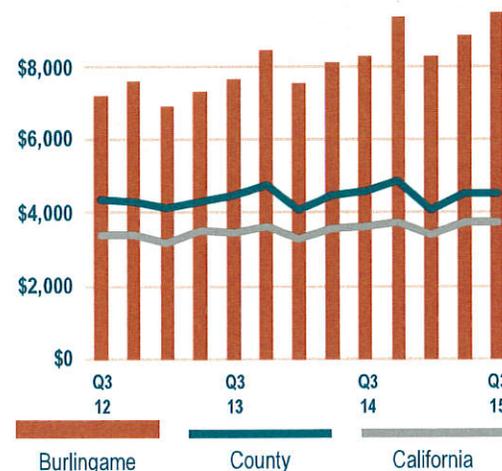
Tax rebates are subject to additional restrictions and reporting requirements in 2016.

Newly adopted Government Code Section 53084.5 prohibits tax sharing agreements that reduce another agency's sales tax if the business generating the tax continues to maintain a physical presence in the losing agency's jurisdiction.

The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

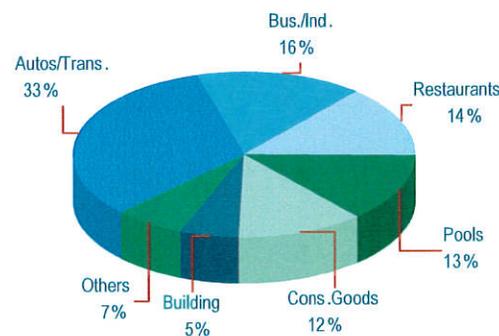
The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial statements with periods beginning after December 15, 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Burlingame This Quarter



BURLINGAME TOP 15 BUSINESS TYPES

**In thousands of dollars*

Business Type	Burlingame		County	HdL State
	Q3 '15*	Change	Change	Change
Auto Lease	70.7	2.9%	12.4%	25.6%
Casual Dining	204.0	11.7%	6.0%	5.2%
Contractors	80.0	70.4%	-5.9%	13.0%
Electrical Equipment	49.2	0.1%	19.8%	-0.6%
Electronics/Appliance Stores	— CONFIDENTIAL —		3.4%	3.8%
Energy/Utilities	— CONFIDENTIAL —		na	-19.6%
Family Apparel	61.8	6.2%	-1.0%	2.4%
Fine Dining	92.9	16.4%	12.2%	12.7%
Home Furnishings	54.1	-0.8%	-6.6%	5.0%
Hotels-Liquor	113.0	-1.1%	5.2%	3.4%
Light Industrial/Printers	64.8	-2.9%	0.9%	1.6%
Lumber/Building Materials	48.8	-2.7%	7.4%	6.6%
New Motor Vehicle Dealers	901.1	5.8%	3.5%	8.2%
Service Stations	117.4	-11.8%	-8.7%	-11.8%
Specialty Stores	69.5	14.4%	10.7%	5.9%
Total All Accounts	2,828.9	15.0%	-0.3%	2.3%
County & State Pool Allocation	432.5	11.5%	-3.4%	3.5%
Gross Receipts	3,261.4	14.5%	-0.7%	2.4%
City/County Share	(163.1)	-14.5%		
Net Receipts	3,098.3	14.5%		