

GENERAL OVERVIEW

The sales tax receipts for all economic categories in the City of Gilroy increased by 1.7% for the third quarter of 2019 over the same period the previous year. The yearly sales tax receipts for all economic categories in the City of Gilroy increased by 1.9% over the previous year. State and County pools less administrative fees decreased by 26.4%. The combined yearly sales tax receipts increased by 5.4%.

The City of Gilroy's largest economic segment comes from new and used auto dealer sales tax. It accounted for 19.9% of total sales tax receipts for the third quarter of 2019. The *California Auto Outlook* newsletter for the fourth quarter 2019 reported that California's total new light vehicle yearly registrations declined 5.5% from 2018 to 2019. It is expected to only decline 3.7% in 2020. The newsletter also reported that used car and light truck registrations increased 2.5% in 2019 compared to 2018.

The second largest economic segment came from the City's share of County pool sales, mostly made up of on-line sales and DMV auto transfers. County pool participants included Amazon, Google, DMV, Dell, CDW, Costco, computer and wireless phone providers, and many other on-line retailers. The City's share of the County pool was 4.2% of almost \$20 million total County pool sales funds for the third quarter of 2019.

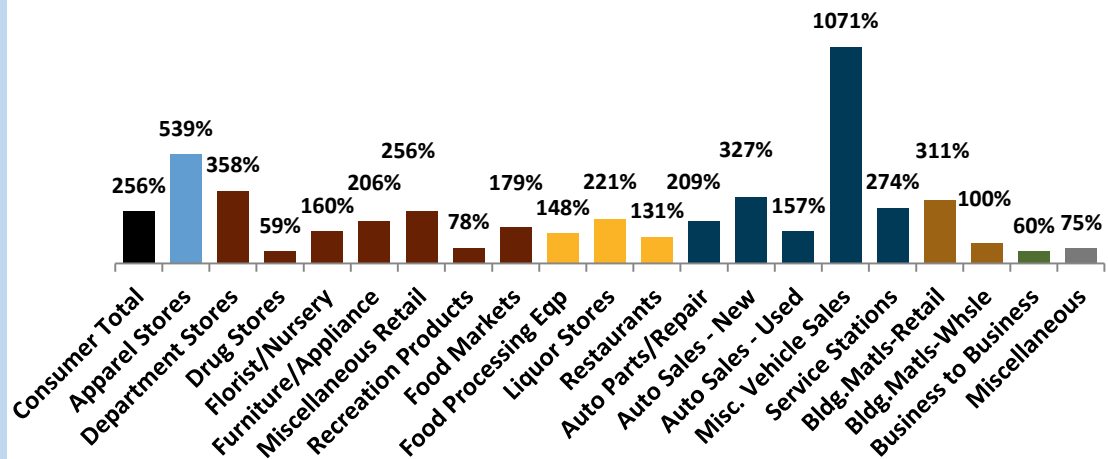
The regional Consumer Price Index increased in October of 2019 by 3.0% over the previous year. California's average gas price increased to \$4.116/gallon in October of 2019 but decreased to \$3.610 in December of 2019. The increased gas prices in October had an effect on consumer goods.

Reconciliation of Third Quarter 2019 Sales

Gilroy: 3rd Quarter 2019 Sales Tax Capture & Gap Analysis Report

Percent of Potential Sales Tax: Less than 100% indicates leakage and more than 100% indicates capture (based on disposable income in Santa Clara County). This chart provides an overview of how well Gilroy is capturing potential sales tax based on its residents effective buying income (disposable income) compared to purchasing habits in the S.F. Bay Area region.

Gilroy: 3rd Quarter 2019 Sales Tax Capture & Gap Analysis



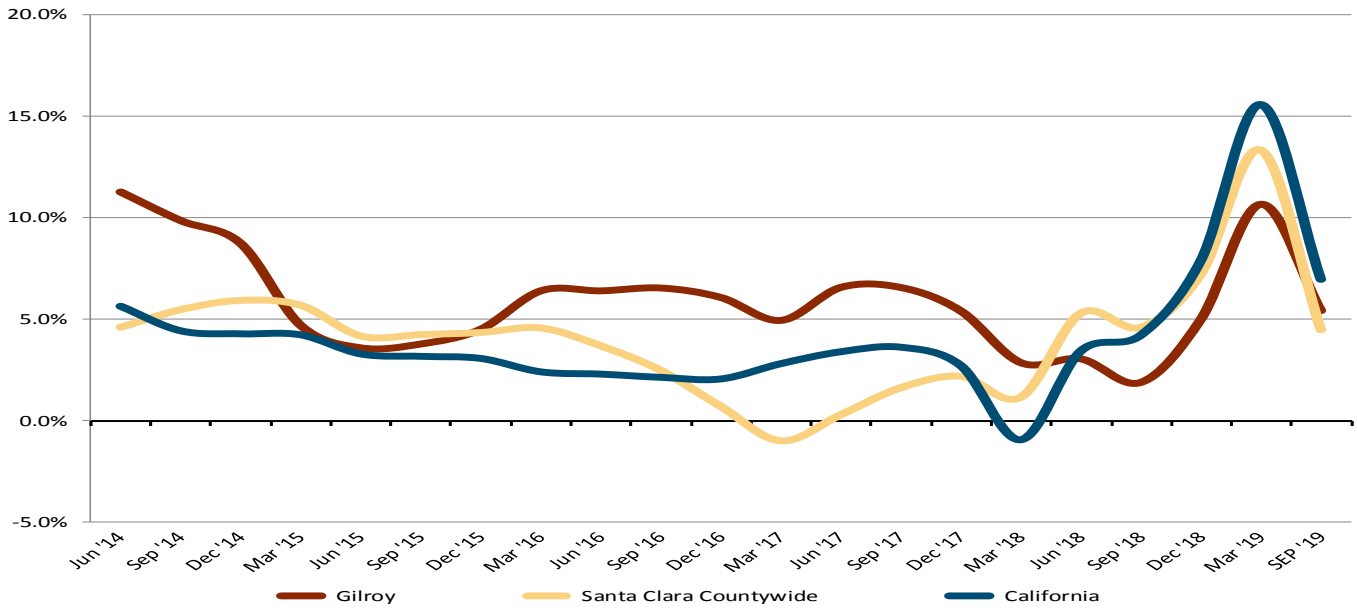
TOP 25 SALES/USE TAX CONTRIBUTORS

The following list identifies Gilroy's Top 25 Sales/Use Tax contributors. The list is in alphabetical order and represents sales tax from October 2018 to September 2019. The Top 25 Sales/Use Tax contributors generate 51.8% of Gilroy's total local business sales and use tax revenue. This group showed a 3.9% growth in annual sales tax over the previous year.

ARCO AMPM MINI MARTS	GILROY TOYOTA	SHELL SERVICE STATIONS
BEST BUY STORES	HOME DEPOT	SOUTH COUNTY CHRYSLER-JEEP
CALVIN KLEIN	KOHL'S DEPARTMENT STORES	SOUTH COUNTY HYUNDAI
CHEVRON SERVICE STATIONS	LOWE'S HOME CENTERS	TARGET STORES
COACH STORES	MCDONALD'S RESTAURANTS	UNION 76 SERVICE
COSTCO WHOLESALE	NIKE FACTORY STORE	VANS SHOES
GARLIC TRAVEL CENTER	ROSS STORES	WALMART STORES
GILROY BUICK GMC	ROTTEN ROBBIE SERVICE STATION	
GILROY CHEVROLET CADILLAC	SEE-GRINS RV	

Sources: *Avenu*, *bls.gov*, *eia.gov*, and *California Auto Outlook*

ANNUALIZED CHANGE IN SALES TAX CASH RECEIPTS



SALES TAX REVENUES

Group	QTR ending 09/30/19	QTR ending 09/30/18	Change
Outlet Center	\$599,297	\$663,476	-9.7%
Auto Dealers:			
Chestnut/Stutz Auto Mall	868,064	777,140	
Other Auto Dealers	170,432	175,594	
Total Auto Dealers	1,038,496	952,734	9.0%
Service Stations	372,726	350,008	6.5%
Downtown Core (Includes the Historic, Expansion and Transition Districts and excludes auto dealers and service stations)	97,747	104,362	-6.3%
Newman Development (Camino Arroyo north of 10th St) (Exc. Serv. Stations)	646,697	618,669	4.5%
Regency Center (Camino Arroyo south of 10th St)	242,621	243,354	-0.3%
Major Groups Total	2,997,584	2,932,603	2.2%
Other Groups	1,217,406	1,210,883	0.5%
Total Groups	\$4,214,990	\$4,143,486	1.7%
State and County Pools Less Adm. Fees and Adjustments	1,015,885	1,464,654	-30.6%
Total Sales Tax	\$5,230,875	\$5,608,140	-6.7%