

City of Gilroy

Sales Tax Update

Q1 2019

GENERAL OVERVIEW

The sales tax receipts for all economic categories in the City of Gilroy decreased by 0.5% for the first quarter of 2019 over the same period the prior year. The yearly sales tax receipts for all economic categories in the City of Gilroy increased by 1.0% over the prior year. State and County pools less administrative fees increased by 13.9%. The combined yearly sales tax receipts increased by 2.9%.

AB 147 affects marketplace facilitators effective October 1, 2019. A facilitator must include sales made on its own behalf and those sales facilitated on behalf of marketplace sellers. For instance, Amazon will collect from its affiliates. Although some out of state on-line retailers are already remitting sales tax, significant increases are not expected until Fall of this year.

The governor recently signed AB 498 into law. The new laws expands business license exemptions for veterans who are sole proprietors and are providing a service. The governor also signed SB 234, which expanded the business license exemption for large family child daycare homes. Family child daycare businesses are allowed to care for up to 14 children. State licensing regulations still apply.

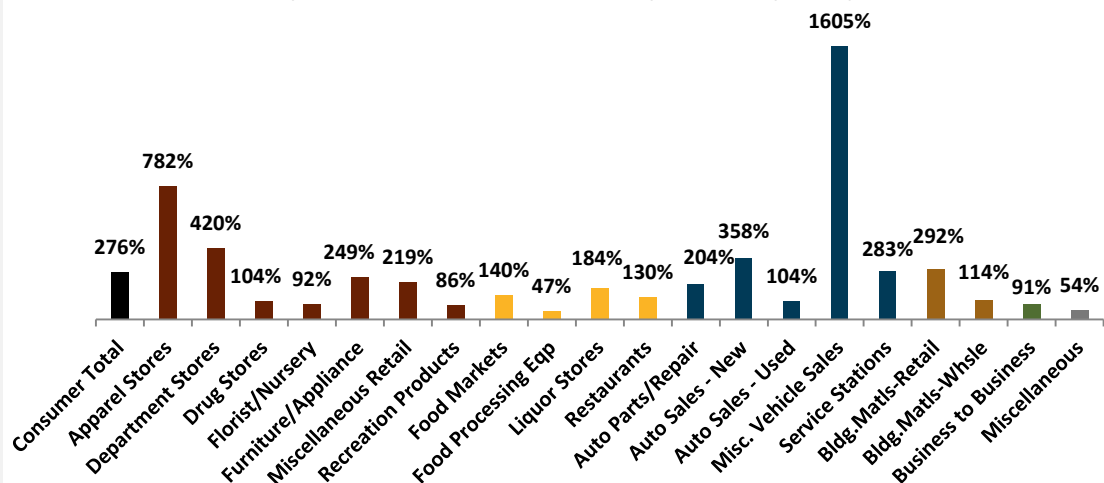
The Consumer Price Index increased 0.1% in August. The gasoline index fell 3.5%. United States growth is expected to be 2.6% in 2019 and 1.9% in 2020.

Reconciliation of First Quarter 2019 Sales

Gilroy: 1st 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: 1st Quarter 2019 Sales Tax Capture & Gap Analysis



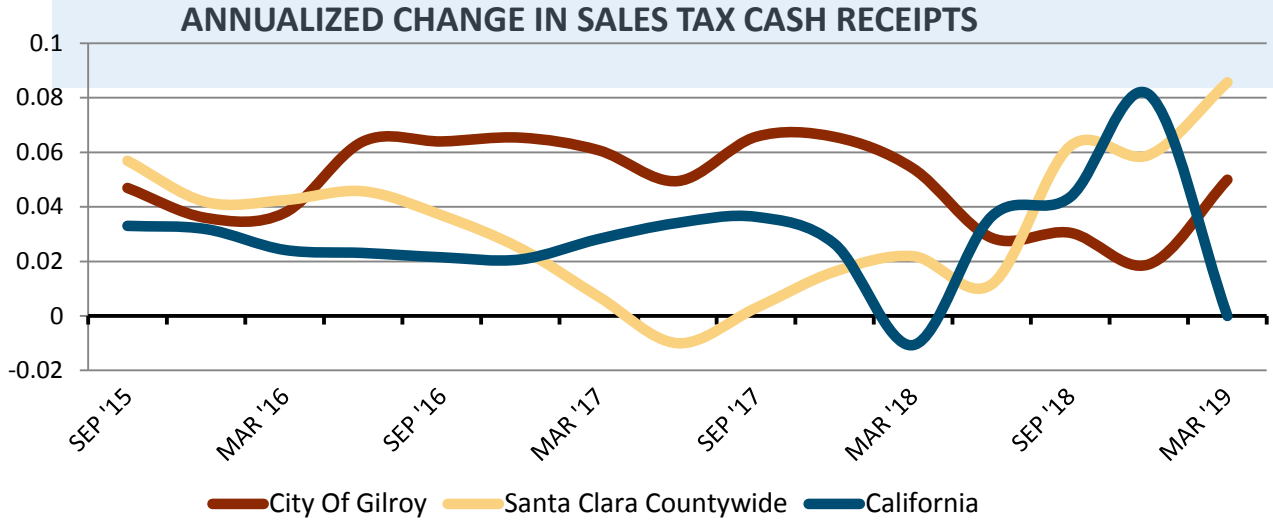
TOP 25 SALES/USE TAX CONTRIBUTORS

The following list identifies Gilroy's Top 25 Sales/Use Tax contributors. The list is in alphabetical order and represents sales from April 2018 to March 2019. The Top 25 Sales/Use Tax contributors generate 50.7% of Gilroy's total local business sales and use tax revenue. This group showed a 3.5% growth in sales tax for the first quarter of 2019 over the same period the prior year.

ARCO AMPM MINI MARTS	GILROY TOYOTA	SHELL SERVICE STATIONS
BEST BUY STORES	HOME DEPOT	SOUTH COUNTY CHRYSLER-JEEP
BLINKFORHOME.COM	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	

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City of Gilroy Sales Tax Update



Downtown Core

(Includes the Historic, Expansion and Transition Districts and excludes auto dealers and service stations)

1% Municipal Quarterly Sales tax for Quarter ending March 31, 2019	92,359
Prior Quarter ending March 31, 2018	88,926
% Difference	3.9%