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Gilroy Fourth Quarter 2011 Sales Tax Results Continue Favorable Trend

Attached is a sales tax update with the most recent sales tax figures from the state of California for the fourth quarter of 2011 (period ending December 31, 2011). Gilroy's results continue to indicate the City's favorable economic rebound as a result of its strong sales tax base. Cash receipts are up 4.1% and overall sales tax is up 3.9% for the quarter and 8.3% for the year, after state adjustments. The Bay Area continues to lead the economic growth in California.

City administrator Tom Haglund noted that "Gilroy sales tax revenues continue on an upward, stable trend. Because of the large size of our sales tax base, Gilroy's results are less volatile, with fewer dramatic up and down swings, than those of some other cities in Santa Clara County." In Gilroy, which is a regional shopping destination, sales tax revenue generated by local retailers is greater than what would be expected if the customer base was primarily Gilroy residents. Interestingly, the top twenty-five sales/use tax contributors generate over 40% of Gilroy's sales and use tax revenue.

Approximately one-third of Gilroy's general fund revenues are derived from sales tax, much of which is as a result of destination shoppers. Sales tax revenues for the fourth quarter totaled over \$3. The largest gains for the City of Gilroy during the fourth quarter included apparel stores and miscellaneous vehicle sales. Department stores continue to drive growth in local sales tax. Sales tax supports city services such as recreation, streets, landscaping, and public safety amongst others.

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