



# City of Gilroy

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## For Immediate Release

**Date:** April 30th, 2010

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## Fourth Quarter 2009 Sales Tax Summary

Accompanying this press release is a pdf document showing the fourth quarter 2009 sales tax update as reconciled with the state of California. As the information shows, Gilroy experienced a 3.2% decline in sales tax for the 4<sup>th</sup> Quarter of 2009 – the holiday shopping season. While a sales tax decline was expected and incorporated into our FY 10 budget as adopted in June, the decline was less than what we expected.

The accompanying document includes several charts to further provide context to the sales tax picture in Gilroy. The first chart relating to sales tax capture highlights that even with the recession, Gilroy remains a “capture” community experiencing significant sales tax capture beyond the per capita spending of our residents alone. This is to be contrasted with those unfortunate communities that “leak” sales tax because their residents shop in *other* communities – like Gilroy. This data continues a trend showing Gilroy in a strong position for sales tax capture and underscores the cyclical nature of our sales tax loss as being due to customers pulling back on spending as a result of job loss or under employment and *not* a fundamental loss in our ability to capture out of city sales tax from visitors.

Sales tax information is also presented by regional groupings within the city, which provides an interesting vantage point to gauge the performance of major retail areas in Gilroy. A final chart shows the sales tax performance of neighboring cities in Santa Clara County. The information indicates on balance that Gilroy fared better than other similarly sized cities – and some of the larger ones as well – in terms of sales tax for the 4<sup>th</sup> quarter, again underscoring Gilroy’s status as a regional capture community.

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