

# Q1 2019



# City of Red Bluff Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2019)

## Red Bluff In Brief

Red Bluff's receipts from January through March were 22.4% above the first sales period in 2018. Excluding reporting aberrations, actual sales were up 14.3%.

The requirement to adhere to the rules governing taxpayer confidentiality limits the amount of detail that can be shared regarding this quarter's results. Several categories were boosted by double payments.

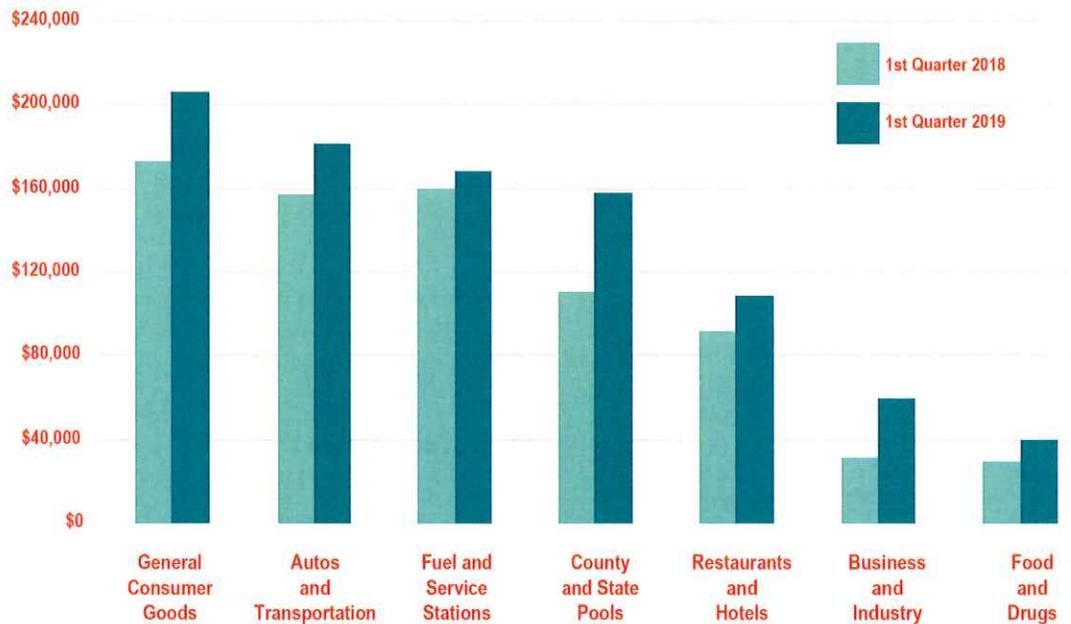
Accounting anomalies inflated results in the fuel and service station and restaurant and hotel categories which posted increases of 3.9% and 11.2, respectively, after adjusting for the anomalies. General consumer goods posted strong gains boosted by a new business while double payments and missing payments in the comparison quarter skewed results in business and industry.

Voter approved Measure A generated \$280,986 of revenue this quarter, also inflated by reporting irregularities.

Double payments slightly inflated results in the Tehama countywide pool. The City's pool allocation was up \$31,488 after accounting for the anomalies.

Net of aberrations, taxable sales for all of Tehama County grew 11.3% over the comparable time period; the Far North region was up 4.4%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS IN ALPHABETICAL ORDER

A Wireless	North Valley
Aaron's	Mattress & Oak Outlet
Adobe Minimart	One Stop Gas & Food
Arco AM PM	Raley's
Dollar General	Red Bluff Chrysler Dodge Jeep Ram
Flyers	Red Bluff Gas
Food Maxx	Red Bluff Shell
Growney Motors Buick/GMC	Ross
Harbor Freight Tools	Sharis Restaurant
Home Depot	Taco Bell
Les Schwab	Tractor Supply
McDonald's	Valero
More for Less Gas	Walmart Supercenter

### REVENUE COMPARISON

Three Quarters - Fiscal Year To Date (Q3 to Q1)

	2017-18	2018-19
Point-of-Sale	\$2,511,457	\$2,912,198
County Pool	366,189	456,220
State Pool	1,607	1,535
<b>Gross Receipts</b>	<b>\$2,879,253</b>	<b>\$3,369,954</b>
Cty/Cnty Share	(287,925)	(336,995)
<b>Net Receipts</b>	<b>\$2,591,328</b>	<b>\$3,032,958</b>
<b>Measure A</b>	<b>\$739,679</b>	<b>\$900,463</b>

**Statewide Results**

Local sales and use tax receipts from January through March sales were 1.0% higher than the first quarter of 2018 after factoring out accounting anomalies and back payments from previous state reporting shortfalls. This was the lowest percentage increase since first quarter, 2010.

The growth came primarily from a solid quarter for purchases related to expanding logistics, medical and technology facilities and modest gains in building-construction supplies and restaurants. Cannabis sales produced a slight uptick in the food-drug group.

Lower fuel prices and declining general consumer good purchases offset the gains. The shift to internet purchases accounting for 22.3% of the total general consumer goods segment versus 20.2% one year ago. Tax receipts from new car sales exhibited significant reductions although the drop was partially offset by an upswing in used autos and auto leases.

Regional changes ranged from a decline of 2.1% to gains as high as 4.4%. However, the differences were primarily attributable to onetime projects or capital purchases and not reflective of overall economic trends.

**Slower Growth Ahead?**

July marks ten years of continuous economic growth which is the longest period of U.S. economic expansion on record. However, analysts from a variety of economic segments are reporting signs that we may be leveling off.

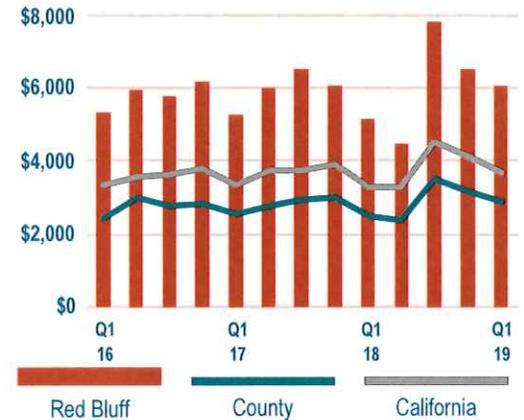
This quarter marked the eighth consecutive comparative period decline in California new car registrations with analysts noting that higher prices and a growing supply of vehicles coming off lease are making used cars more attractive. They also note that on-demand services such as Uber and Lyft are making it easier for debt-burdened millennials to avoid buying cars altogether.

Rising restaurant menu prices, renewed competition from grocer prepared meals, and cutbacks in foreign tourism appear to be reducing restaurant patronage which in recent years was one of the state's fastest growth segments. There will be an uptick in the second quarter's fuel-related tax receipts because of that period's refinery shutdowns; lower crude oil costs are expected to produce subsequent declines.

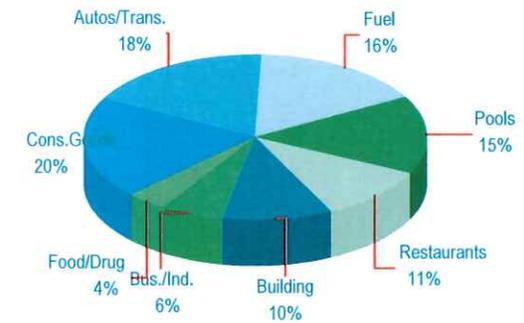
Uncertainty over U.S. tariff and trade policies plus labor shortages are delaying some investment and business expansion decisions while reduced home sales and two quarters of declining construction permit values suggest a potential future leveling in that sector. Investment in technological advances should continue and remain strong.

Economic shifts are not the only factor leveling sales tax revenues. With an economy based on intellectual technology rather than goods and consumer priorities shifting to non-taxable services and experiences, sales tax no longer reflects 21st century spending. Each year therefore, the portion of the economy that is taxed, shrinks.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Red Bluff This Quarter



**RED BLUFF TOP 15 BUSINESS TYPES**

Business Type	Red Bluff		County	HdL State
	Q1 '19	Change	Change	Change
Auto Repair Shops	9,141	-9.7%	13.9%	12.5%
Automotive Supply Stores	30,399	20.0%	14.2%	8.8%
Building Materials	— CONFIDENTIAL —	—	18.7%	4.0%
Casual Dining	53,766	18.0%	25.4%	13.3%
Discount Dept Stores	— CONFIDENTIAL —	—	9.1%	2.9%
Drug Stores	— CONFIDENTIAL —	—	45.2%	37.8%
Electronics/Appliance Stores	14,890	31.6%	44.0%	-3.2%
Family Apparel	11,638	348.7%	328.9%	7.1%
Garden/Agricultural Supplies	44,288	81.4%	79.0%	3.7%
Grocery Stores	— CONFIDENTIAL —	—	12.7%	25.7%
Home Furnishings	17,526	52.4%	56.0%	3.5%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	17.5%	-1.8%
Quick-Service Restaurants	46,990	19.1%	15.6%	10.1%
Service Stations	164,581	3.3%	6.5%	15.8%
Variety Stores	— CONFIDENTIAL —	—	1.7%	65.5%
<b>Total All Accounts</b>	<b>868,925</b>	<b>19.2%</b>	<b>16.4%</b>	<b>13.5%</b>
<b>County &amp; State Pool Allocation</b>	<b>158,175</b>	<b>43.1%</b>	<b>39.7%</b>	<b>23.8%</b>
<b>Gross Receipts</b>	<b>1,027,101</b>	<b>22.4%</b>	<b>19.5%</b>	<b>14.9%</b>
City/County Share	(102,710)	-22.4%		
<b>Net Receipts</b>	<b>924,391</b>	<b>22.4%</b>		