

Q1 2012



City of Red Bluff Sales Tax Update

Second Quarter Receipts for First Quarter Sales (January - March 2012)

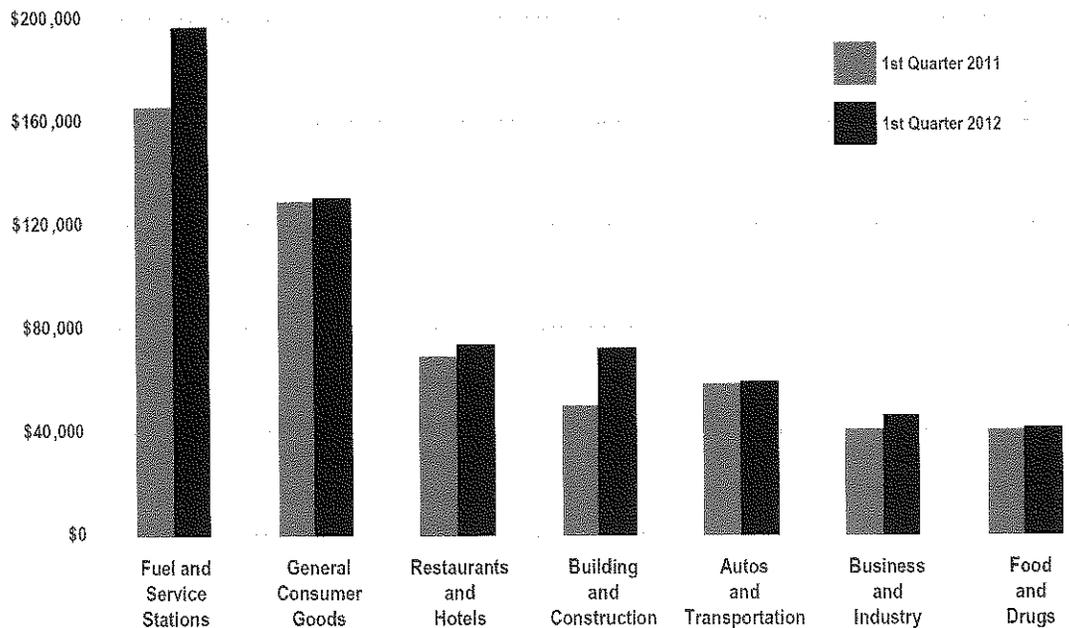
Red Bluff In Brief

Receipts from first quarter sales were 12.6% higher than the comparable quarter one year earlier but payment aberrations skewed the data. With anomalies excluded, actual sales increased 7.4%.

All major industry groups were up though sales gains in autos and transportation, general consumer goods and food and drugs categories were modest. Fuel and service station receipts, boosted by higher prices at the pump, provided most of the overall revenue increase. A onetime payment aberration inflated building and construction results. Local business and industry up-trends exceeded regional and statewide results and, as in most areas of the state, restaurants and hotels showed solid sales growth.

After factoring out temporary accounting adjustments, all of Tehama County was up 4.6%; statewide sales grew 8.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

1 Stop	Main Street Chevron
Adobe Road Chevron	McDonalds
Antelope Valero	More for Less
Arco AM PM	Pneumatic Conveying & Manufacturing
Circle 7 Days	Raleys
CVS Pharmacy	Red Bluff AM PM
Exxon Food Mart	Red Bluff Shell
Food Maxx	Staples
Growney Motors Buick Pontiac	Taco Bell
Home Depot	Tesoro West Coast
Les Schwab Tire Center	Tractor Supply Company
Liquor & Food	Walmart
Main Street Auto Sales	

REVENUE COMPARISON

Four Quarters - Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$2,436,642	\$2,665,978
County Pool	316,821	264,620
State Pool	1,149	956
Gross Receipts	\$2,754,612	\$2,931,553
Cty/Cnty Share	(275,461)	(293,155)
Net Receipts	\$2,479,151	\$2,638,398
Less Triple Flip*	\$(619,788)	\$(659,600)

*Reimbursed from county compensation fund

Statewide Results

Adjusted for accounting aberrations, California's local sales and use tax revenues for January through March transactions increased 8.4% over last year's comparison quarter. Most areas of the state realized gains from service stations and auto sales; whereas some counties received added benefits in use taxes from alternative energy plant projects. Overall, the San Joaquin Valley, with strong agriculture-related purchases, led all other regions of the state.

The Year Ahead

Having bottomed out in 2009-10, California made solid progress toward economic recovery in 2011-12. Job gains, easier credit, pent-up demand for autos and goods, higher fuel prices, continued investment in technology and increased tourism and business travel all contributed to rising sales tax revenues.

Most analysts believe that the recovery will continue in 2012-13 although at a slower pace. How much slower is uncertain due to a number of major unresolved issues and the extent to which they can be avoided or mitigated.

One issue is the state's \$16 billion budget deficit. Government has traditionally accounted for 18% of California's jobs and the full effect of looming job losses will not be fully known until after the November election.

The European financial crisis is a problem of particular importance to California which ships high tech equipment, tools and software along with a variety of agricultural and other products to 226 countries. Exports account for roughly 25% of the state's economy.

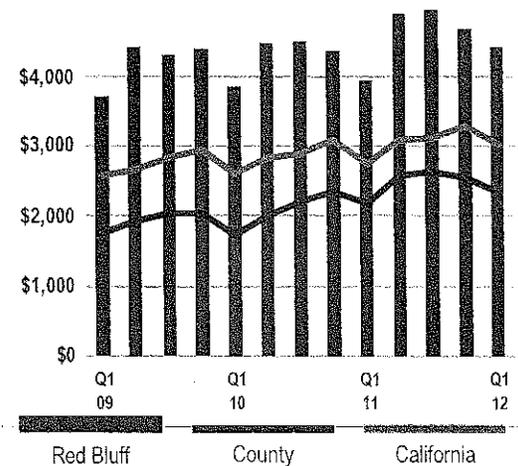
Additionally, California manufacturers that rely on foreign parts

could face a shortage if European bank credit lines contract due to ongoing European financial problems.

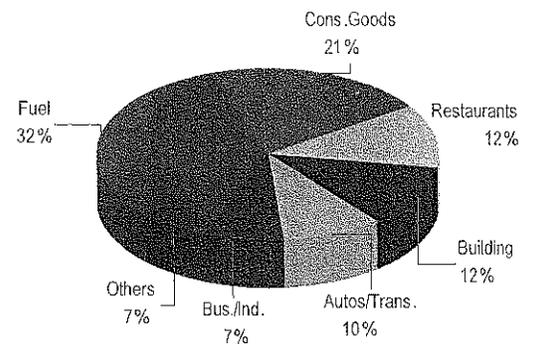
The final issue involves the Federal Budget Control Act of 2011 which was adopted to resolve last year's debt-ceiling crisis. On January 1, existing temporary tax cuts on income, payroll, capital gains and estates expire. If Congress cannot overcome its ideological differences and agree on a budget package, \$400 billion in automatic spending cuts will be activated.

There is general optimism that another recession can be avoided because it is unlikely that all these issues will devolve to their worst possible case. However, uncertainty about eventual outcomes will impact spending, investment and hiring plans and slow the recovery in 2012's second half. Even so, HdL's current consensus forecast is for a 4.5% to 5.0% increase in statewide local sales tax revenues in 2012-13.

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 '12	Change	Change	Change
Auto Repair Shops	10,103	7.1%	22.9%	8.2%
Automotive Supply Stores	20,589	4.6%	3.0%	9.3%
Discount Dept Stores	— CONFIDENTIAL —	—	-5.3%	5.6%
Drug Stores	9,593	0.6%	0.2%	2.7%
Electronics/Appliance Stores	8,923	-13.7%	-11.9%	0.5%
Garden/Agricultural Supplies	21,361	15.7%	3.3%	8.8%
Grocery Stores Liquor	25,900	4.1%	14.0%	5.5%
Lumber/Building Materials	— CONFIDENTIAL —	—	48.4%	8.8%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	8.6%	14.5%
Office Supplies/Furniture	— CONFIDENTIAL —	—	-3.5%	6.0%
Restaurants Beer And Wine	11,008	10.2%	11.0%	4.1%
Restaurants Liquor	25,655	7.5%	8.3%	13.0%
Restaurants No Alcohol	36,701	4.9%	5.7%	9.5%
Service Stations	190,575	19.7%	-2.5%	13.3%
Used Automotive Dealers	9,192	47.4%	36.1%	14.2%
Total All Accounts	\$621,984	12.1%	7.4%	9.9%
County & State Pool Allocation	68,268	17.5%		
Gross Receipts	\$690,253	12.6%		
City/County Share	(69,025)	-12.6%		
Net Receipts	\$621,227	12.6%		