

# Q2 2011



# City of Red Bluff Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2011)

## Red Bluff In Brief

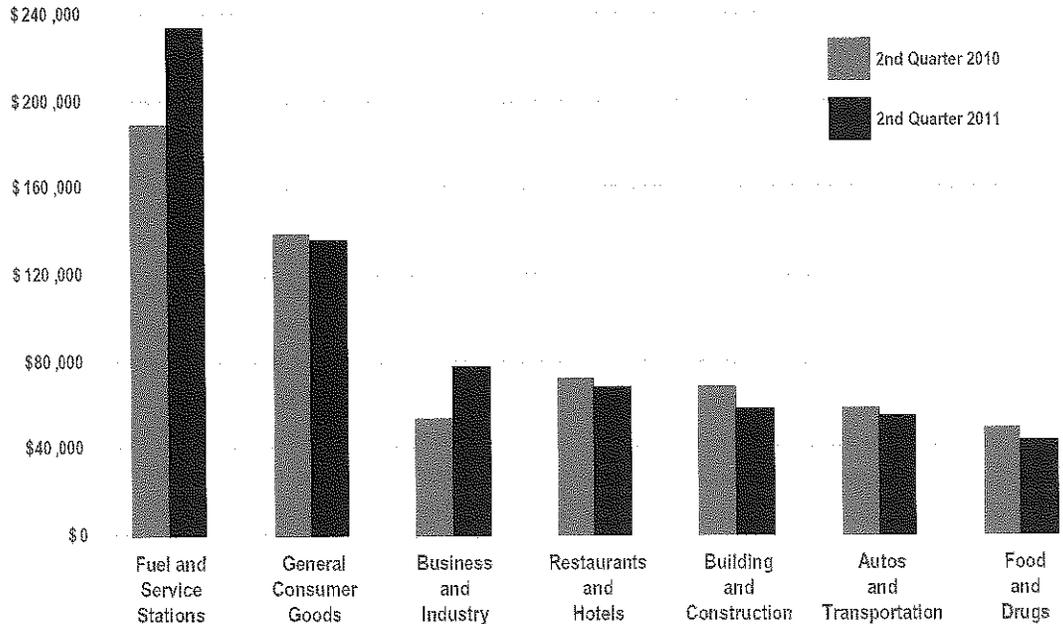
Receipts from second quarter sales were 5.9% higher than the same period one year earlier but reporting aberrations skewed the data. With anomalies excluded, actual sales were up 2.4%.

Increases were confined to the business and industry and fuel and service station groups where higher prices at the pump boosted the taxable value of the fuel sold. Most of the jump in the business and industry group stemmed from an erroneous retroactive payment adjustment that will be reversed in next quarter's data. Nevertheless proceeds from garden/agricultural supplies and light industrial printers, both in the business and industry sector, were up.

Decreases in five of seven major business groups largely offset gains in the remaining two groups. Net of onetime payment aberrations the autos group was down more than it appeared; whereas, the food and drugs group fared better after accounting adjustments were factored out.

Net of reporting aberrations, all of Tehama County was up 24%; state-wide sales grew 9.7%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

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

### REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$632,002	\$688,429
County Pool	74,487	60,661
State Pool	341	(398)
Gross Receipts	\$706,829	\$748,693
Cty/Cnty Share	(70,683)	(74,869)
Net Receipts	\$636,146	\$673,823
Less Triple Flip*	\$(159,037)	\$(168,456)

\*Reimbursed from county compensation fund

**Statewide Results**

California's local sales and use tax revenues for sales occurring April through June 2011 were 9.4% higher than the same quarter of 2010 after payment aberrations were removed. This marks the sixth consecutive quarter of growth since the recovery began. Higher fuel prices accounted for much of the statewide increase. Easing consumer credit, sales incentives and pent up demand led to gains in new auto sales while consumers also showed signs of spending more freely in specialty stores, home furnishings, apparel categories, jewelry and restaurants. Electronics sales in the Bay Area sharply outpaced statewide results and highlighted the continued strength of tech-oriented business in that region. Stimulus funded infrastructure projects produced temporary gains in sales tax on concrete, asphalt and aggregates but are expected to wane later in the year as funding is depleted. Increased airport traffic and auto rentals suggest that travel and leisure sales are in a recovery mode.

**Fuel Prices Boosting Receipts**

Second quarter fuel sales represented 38% of the total statewide sales tax increase. California consumers paid an average of \$3.94 per gallon the week of September 12th, 94 cents higher than the same period of 2010, but below the all-time high of \$4.59 in 2008. Crude oil prices, which account for about 85% of gasoline price variability, were \$90.21 a barrel in September 2011 versus \$141.06 in the summer of 2008.

Although future gas prices are expected to decline from this year's highs, increased exports of U.S. refinery output to other countries are expected to keep prices here at elevated levels.

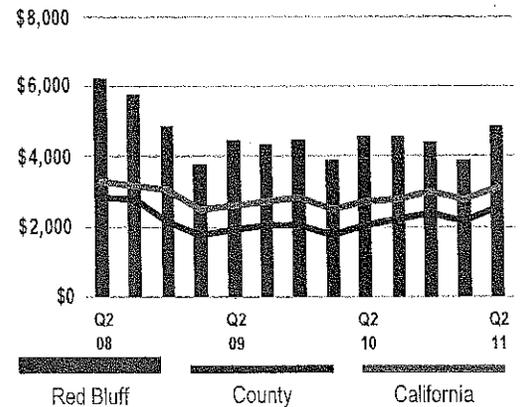
**Growth in the Hourglass Economy**

The good news is that the economy is in recovery, the bad news is this may be as good as it gets according to a recent International Monetary Fund report

which highlights problems caused by a shift to an hourglass economy. This type of economy is characterized by a large and expanding group at the top with high skills and high incomes offset by an expanding group at the bottom with low skills and low pay. The middle levels traditionally composed of skilled or semi-manual workers in good paying jobs continue to decline, giving the occupational income profile of the economy its distinctive shape. The 2010 Census revealed that most Americans' inflation-adjusted incomes were either stagnate or in decline with the proportion of people living in poverty now at 15.3% while 24% of the nation's wealth is concentrated in the top 1/10th of one percent. Consumer spending has historically accounted for 70% of economic output and with the wealthiest 5% of Americans now accounting for 37% of all consumer spending, retailers are bifurcating their marketing strategies into sales of high end and low end goods while reducing offerings for the disappearing middle class. Economists say

the dependency on just a small portion of the population for increased spending limits future growth potential and fosters more boom and bust cycles. This is because the wealthy splurge and speculate when their savings are doing well and quickly cut back when the value of their assets tumble. Analysts further argue that this lack of growth potential is why major corporations are sitting on record profits and not investing in more employees.

**SALES PER CAPITA**



**RED BLUFF TOP 15 BUSINESS TYPES**

Business Type	Red Bluff		County	HdL State
	Q2 '11	Change	Change	Change
Auto Repair Shops	10,236	1.5%	-5.7%	4.8%
Automotive Supply Stores	21,461	6.3%	12.2%	6.5%
Discount Dept Stores	— CONFIDENTIAL —	—	-0.6%	6.4%
Drug Stores	9,912	2.3%	0.8%	2.6%
Garden/Agricultural Supplies	27,737	7.6%	14.6%	4.4%
Grocery Stores Liquor	27,572	-10.0%	-1.5%	1.5%
Light Industrial/Printers	8,092	477.7%	2.1%	-0.2%
Lumber/Building Materials	— CONFIDENTIAL —	—	-24.1%	1.3%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	16.9%	9.8%
Office Supplies/Furniture	— CONFIDENTIAL —	—	321.9%	43.0%
Receivables/Master Outlets	— CONFIDENTIAL —	—	na	26.1%
Restaurants Beer And Wine	9,353	-19.1%	8.5%	-1.3%
Restaurants Liquor	21,186	-9.8%	-13.3%	8.7%
Restaurants No Alcohol	37,695	2.4%	4.3%	3.5%
Service Stations	229,146	23.7%	66.4%	31.0%
<b>Total All Accounts</b>	<b>\$688,429</b>	<b>8.9%</b>	<b>27.5%</b>	<b>10.1%</b>
<b>County &amp; State Pool Allocation</b>	<b>60,264</b>	<b>-19.5%</b>		
<b>Gross Receipts</b>	<b>\$748,693</b>	<b>5.9%</b>		
City/County Share	(74,869)	-5.9%		
<b>Net Receipts</b>	<b>\$673,823</b>	<b>5.9%</b>		