

Q2 2013



City of Red Bluff Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2013)

Red Bluff In Brief

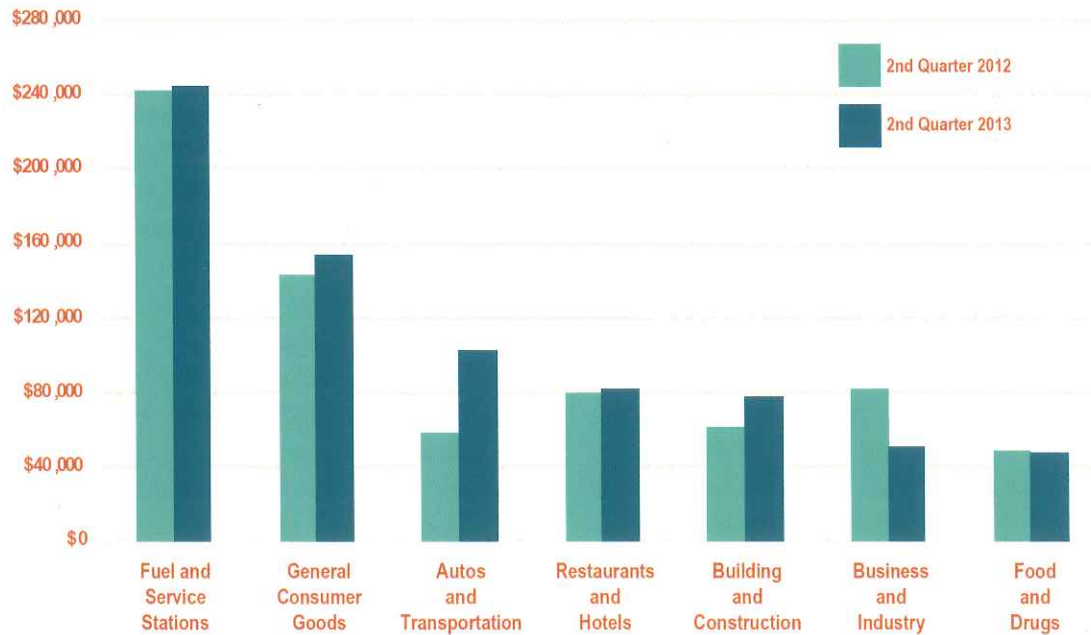
Second quarter receipts were 4.2% above the like sales period one year earlier but onetime reporting aberrations skewed the data. Excluding anomalies actual sales increased 7.2%.

Most major industry groups showed gains but results from the autos and transportation, building and construction and general consumer goods categories were exceptional. Autos and transportation totals benefited from new business additions. Various business types in the building and construction group provided further evidence that the building industry is recovering. The opening of new businesses also helped to lift general consumer goods results. The food and drugs group was little-changed but net of retroactive accounting adjustments that temporarily boosted year-ago totals, the restaurant and hotel comparison was better than it appeared. The city's allocation from the countywide use tax pool rose 12.9%.

Sales in the business and industry segment faltered but onetime payment aberrations exaggerated the decline.

Net of accounting adjustments, all of Tehama County was up 13.3%; statewide sales grew 5.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Adobe Minimart	More for Less Gas
Antelope Valero	One Stop Gas & Food
Arco AM PM	O'Reilly Auto Parts
CVS Pharmacy	Raleys Supermarket
Dollar General Store	Red Bluff AM PM
Exxon Food Mart	Red Bluff Chrysler Dodge Jeep Ram
Food Maxx	Red Bluff Shell
Geo Growney Motors	Staples
Home Depot	Taco Bell
Les Schwab Tire Center	Tesoro West Coast
Liquor & Food	Tractor Supply
Main Street Chevron	Walmart
McDonalds	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$2,711,083	\$2,876,399
County Pool	278,996	285,715
State Pool	2,079	1,187
Gross Receipts	\$2,992,158	\$3,163,301
Cty/Cnty Share	(299,216)	(316,330)
Net Receipts	\$2,692,943	\$2,846,971
Less Triple Flip*	\$(673,236)	\$(711,743)

*Reimbursed from county compensation fund

State Overall

Adjusted for accounting anomalies, receipts from local governments' one cent sales and use tax were up 5.4% over the second quarter of 2012.

More than half of the increase was driven by a strong quarter for auto sales plus new revenues flowing to the countywide use tax allocation pools largely as result of the previous passage of AB 155's expanded definition of nexus for out-of-state companies required to collect California sales and use taxes.

Receipts from the building and construction categories exhibited significant gains reflecting the beginning of a recovery in new housing construction and considerable remodeling activity. Restaurant sales were also strong but limited to low priced quick service chains and higher priced fine dining restaurants with full liquor licenses.

Gains from general consumer goods were modest overall and tended to be retailer and community specific. Tax revenues from fuel were down from last year's comparable quarter while receipts from business and industrial purchases were flat with the few increases in that group primarily tied to agriculture and food processing.

The Remaining Fiscal Year

The general consensus is that the state's economy will continue to recover in 2013-14 but sales tax growth may be more modest in the second half of the fiscal year than the first half.

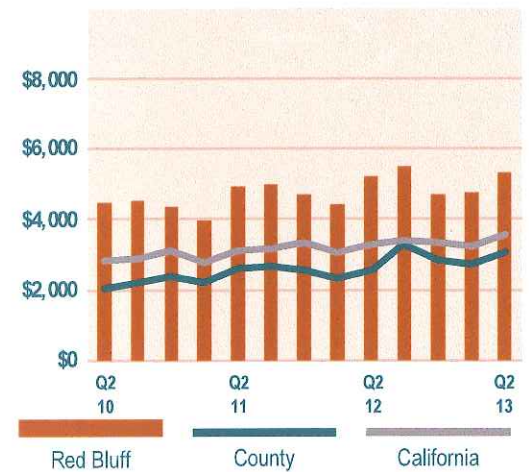
Auto sales which have been up by double digits from years of pent-up demand are expected to plateau in another quarter or two with the pace of growth returning to more normal levels. With consumers taking on more debt to purchase new cars and homes, discretion-

ary spending on other items is expected to slow. Low inflation, price competition and a job recovery tilted toward low paying or part-time work will also keep the cost of taxable goods in check.

The six year boom in the state's technology sector appears to be slowing with companies shifting from buying their own hardware and software to renting computer power through cloud based services. Gas prices will continue to be impacted by refinery shutdowns, Middle East crises and oil speculators. However with today's new cars almost 20% more fuel efficient than those sold only six years ago, further tax gains from this segment are not anticipated.

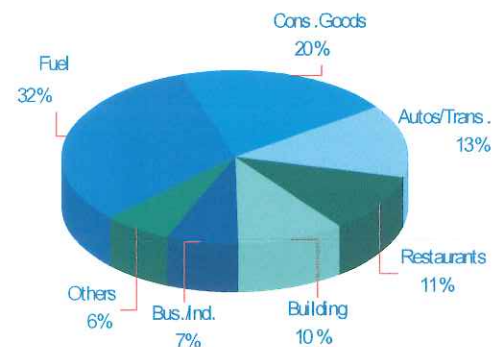
Continued recovery in construction activity is expected to generate a major share of sales tax growth in the second half of the fiscal year. With rising home and stock market values benefiting higher income families, luxury goods in all categories are also projected to show solid gains.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Red Bluff This Quarter



RED BLUFF TOP 15 BUSINESS TYPES

Business Type	Red Bluff		County	HdL State
	Q2 '13	Change	Change	Change
Auto Repair Shops	11,378	0.4%	-3.9%	5.1%
Automotive Supply Stores	24,843	8.4%	10.8%	3.3%
Discount Dept Stores	— CONFIDENTIAL —	—	-2.5%	2.3%
Drug Stores	10,166	3.1%	3.7%	0.7%
Electronics/Appliance Stores	14,764	50.9%	48.0%	3.8%
Garden/Agricultural Supplies	26,023	-1.8%	9.7%	14.7%
Grocery Stores Liquor	29,880	-5.4%	2.6%	2.6%
Home Furnishings	8,333	-3.3%	-25.0%	6.8%
Lumber/Building Materials	— CONFIDENTIAL —	—	22.6%	-4.4%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	26.7%	11.1%
Restaurants Beer And Wine	13,015	20.8%	11.2%	0.2%
Restaurants Liquor	28,207	-2.7%	-6.9%	9.3%
Restaurants No Alcohol	40,117	1.1%	6.2%	5.9%
Service Stations	239,520	1.6%	13.5%	-5.7%
Variety Stores	11,125	248.4%	126.7%	7.6%
Total All Accounts	\$758,334	3.4%	20.6%	7.0%
County & State Pool Allocation	85,255	12.5%		
Gross Receipts	\$843,589	4.2%		
City/County Share	(84,359)	-4.2%		
Net Receipts	\$759,230	4.2%		