

Q2 2015



City of Red Bluff Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2015)

Red Bluff In Brief

Red Bluff's receipts from April through June were 8.8% above 2014's second quarter receipts. Excluding reporting aberrations, actual sales were up 5.5%.

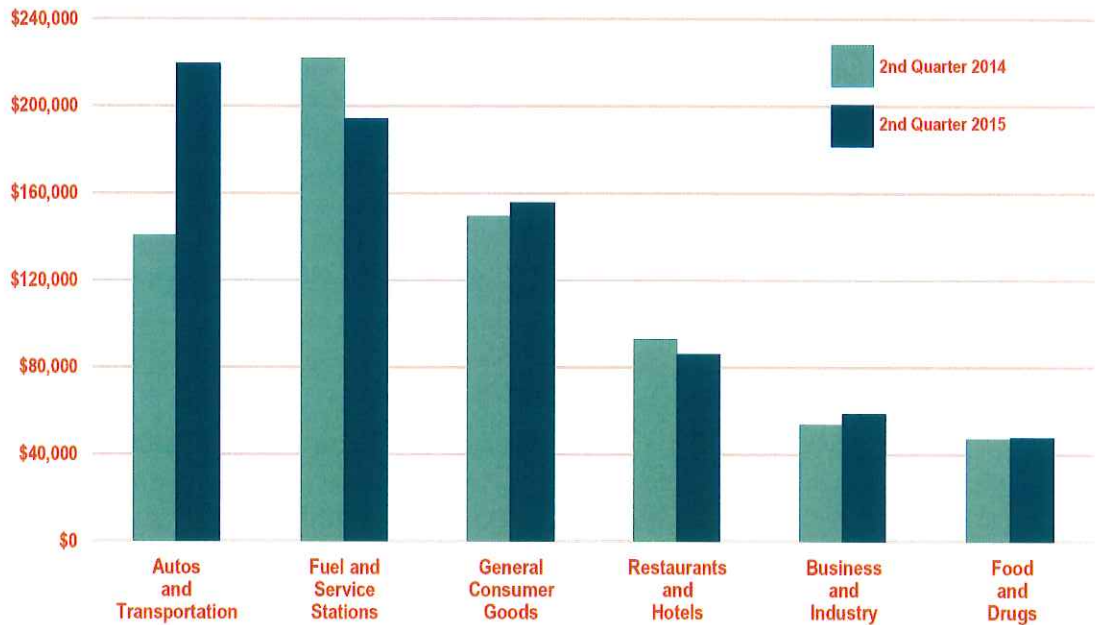
Sales gains from multiple business categories in the autos and transportation, building and construction and business and industry groups were responsible for most of the quarterly increase though general consumer goods and food and drugs results were also up. Reporting aberrations that temporarily reduced autos and transportation results a year earlier inflated the comparison for that group. Conversely, onetime accounting adjustments, caused the business and industry increase to be understated.

Lower prices at the pump once again cut fuel and service station totals. Restaurant and hotel totals were down, but adjusted for reporting aberrations that inflated year-ago amounts, restaurant sales were actually up.

Revenues from the newly-approved Measure D quarter-cent tax totaled \$192,054.

Net of aberrations, taxable sales for all of Tehama County grew 0.6% over the comparable time period; the Far North region was up 3.8%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS IN ALPHABETICAL ORDER

| | |
|-------------------------------|-------------------------------------|
| 76 | One Stop Gas & Food |
| Adobe Minimart | Pneumatic Conveying & Manufacturing |
| Arco AM PM | Raleys |
| Dollar General | Red Bluff AM PM |
| Exxon Food Mart | Red Bluff Chrysler Dodge Jeep Ram |
| Food Maxx | Red Bluff Shell |
| Growney Motors Buick/GMC | Riverside Landscape & Masonry |
| Helibro - Helicopter Purchase | Taco Bell |
| Home Depot | Tesoro West Coast |
| Les Schwab Tire Center | Tractor Supply |
| Main Street Chevron | Valero Gas |
| McDonalds | Walmart |
| More for Less Gas | |

REVENUE COMPARISON

Four Quarters - Fiscal Year To Date

| | 2013-14 | 2014-15 |
|-----------------------|--------------------|--------------------|
| Point-of-Sale | \$3,003,748 | \$3,278,993 |
| County Pool | 329,158 | 353,402 |
| State Pool | 2,039 | 2,142 |
| Gross Receipts | \$3,334,945 | \$3,634,537 |
| Cty/Cnty Share | (333,495) | (363,454) |
| Net Receipts | \$3,001,451 | \$3,271,084 |
| Less Triple Flip* | \$(750,363) | \$(817,771) |
| Measure D | \$0 | \$192,218 |

*Reimbursed from county compensation fund

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Statewide Sales Tax Trends

Excluding accounting aberrations, the local one cent share of statewide sales occurring April through June was 3.4% higher than the comparable quarter of 2014.

Receipts from the countywide use tax allocation pools accounted for the largest portion of the increase reflecting a continuing shift in consumer preferences from brick and mortar stores to online shopping for merchandise shipped from out of state.

Sales and leases of new cars continued to post impressive gains as did contractor supplies and restaurants. Overall gains were offset by a 17.1% decline in receipts from service stations and petroleum related industries.

The Remaining Fiscal Year

The state's unemployment rate continues to decline and real disposable income is expected to grow 2.5% to 3.0% in the second half of 2015. This improvement in incomes coupled with easy credit conditions should stimulate an increase in housing starts as well as capital investment in equipment, alternate energy and technology.

The auto industry is anticipating continuing strong sales until tapering to more sustainable levels in 2016-2017. Building and construction, the only retail segment yet to return to pre-recession levels, is gaining momentum in several regions and is expected to account for 10% of sales tax growth in the second half of the fiscal year.

Restaurant sales continue to rise although there are some concerns that the strong dollar may impact sales in areas that cater to tourists from abroad. Gains from consumer goods are expected to be modest with the strong dollar cutting prices of imported goods and an ongoing shift in consumer spending from tangible goods to services, entertainment and other non-taxable purchases.

Gasoline prices remain well below the previous year due to a worldwide glut

of oil. Barring unexpected supply or refinery disruptions, prices are expected to trend lower through the first half of 2015-16 but begin rebounding in the second half.

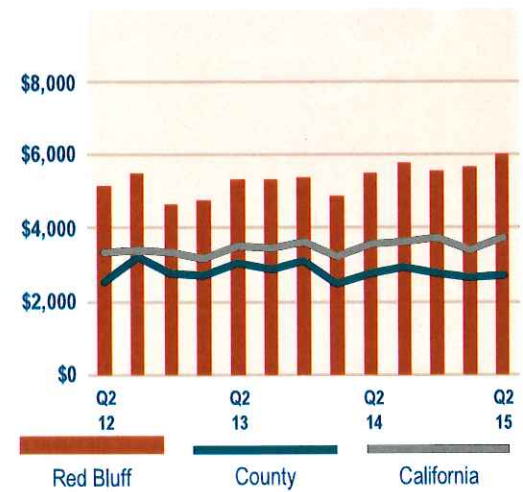
Internet Sales Tax Proposal

HR 2775 (The Remote Transaction Parity Act) is a new proposal by Representative Jason Chaffetz (R-Utah) authorizing states to require remote sellers without physical presence in their state to collect state and local sales tax from in-state buyers.

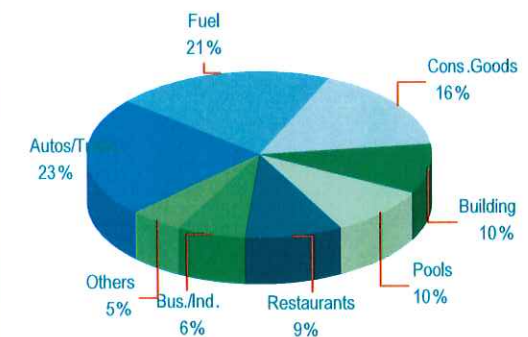
The bill currently has 52 sponsors and attempts to address objections to elements of the Marketplace Fairness Act that preceded it. The proposal provides for a three year phase in for small businesses, prohibits auditing remote sellers with annual sales under \$5 million, and requires states to provide software to enable remote sellers to collect and remit their tax.

The Board of Equalization estimates that local governments in California currently lose approximately \$44 per capita in uncollected sales and use tax on e-commerce purchases.

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 '15 | Change | Change | Change |
| Aircraft Sales & Service | — CONFIDENTIAL — | — | 273.4% | -15.2% |
| Auto Repair Shops | 13,333 | 21.4% | 8.2% | 7.2% |
| Automotive Supply Stores | 25,304 | 4.8% | 7.4% | 5.5% |
| Casual Dining | 42,853 | 8.0% | 8.0% | 6.5% |
| Discount Dept Stores | — CONFIDENTIAL — | — | 3.3% | 0.0% |
| Drug Stores | 10,161 | 0.3% | -12.2% | -8.0% |
| Electronics/Appliance Stores | 12,159 | 16.0% | 28.8% | -1.6% |
| Garden/Agricultural Supplies | 28,619 | -1.7% | -7.9% | 7.7% |
| Grocery Stores Liquor | — CONFIDENTIAL — | — | 2.0% | 3.4% |
| Heavy Industrial | — CONFIDENTIAL — | — | 45.1% | 10.2% |
| Lumber/Building Materials | — CONFIDENTIAL — | — | 15.6% | 4.5% |
| New Motor Vehicle Dealers | — CONFIDENTIAL — | — | 23.3% | 9.3% |
| Quick-Service Restaurants | 39,655 | -21.0% | -11.5% | 9.1% |
| Service Stations | 189,055 | -12.6% | -14.4% | -11.7% |
| Variety Stores | — CONFIDENTIAL — | — | 20.4% | 6.3% |
| Total All Accounts | 853,951 | 8.8% | -1.4% | 2.8% |
| County & State Pool Allocation | 90,269 | 9.0% | -1.2% | 11.8% |
| Gross Receipts | 944,219 | 8.8% | -1.4% | 3.8% |
| City/County Share | (94,422) | -8.8% | | |
| Net Receipts | 849,798 | 8.8% | | |