

# Q2 2016



# City of Red Bluff Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2016)

## Red Bluff In Brief

Receipts from Red Bluff's April through June sales were 1.9% higher than the same quarter one year ago. Actual sales activity decreased 3.1% after accounting aberrations were factored out.

A strong sales quarter from the general consumer goods group was a significant factor in the overall increase.

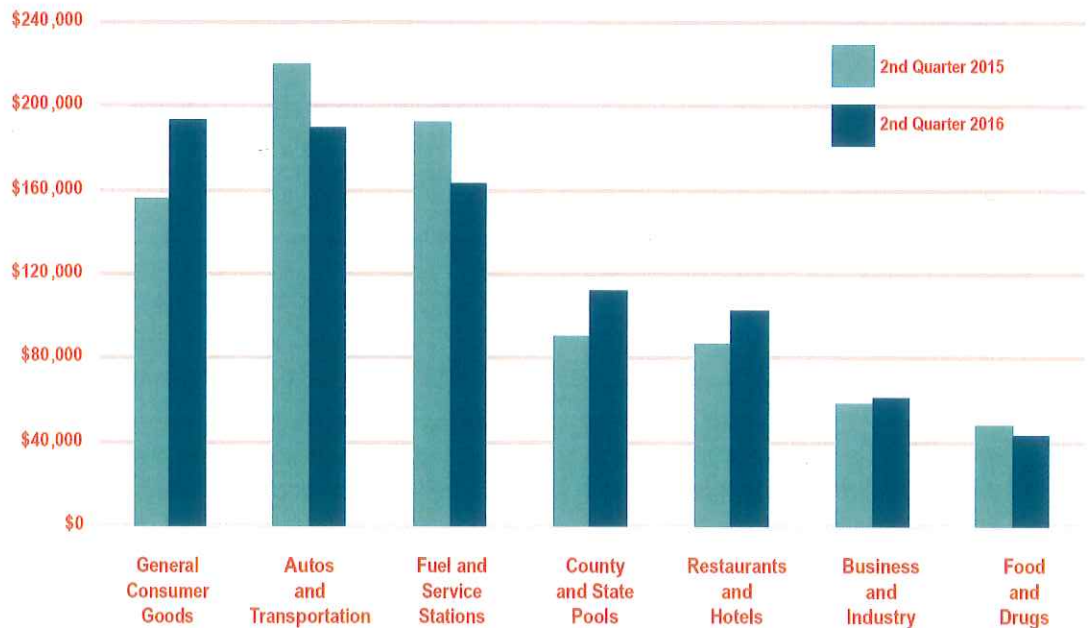
A new eatery opening and various positive payment adjustments buoyed restaurant returns. A 24.7% larger allocation from the countywide use tax pool further contributed.

The gains were partially offset by continued lower fuel prices which negatively impacted fuel and service station proceeds. Autos and transportation were down primarily due to a year-ago onetime use tax receipt.

The City's voter-approved Measure D quarter cent transactions tax generated \$284,542, a 48.2% increase over the first implementation quarter a year-ago.

Net of aberrations, taxable sales for all of Tehama County declined 0.4% over the comparable time period, while the Far North region was up 4.2%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

76	Palomino Room
Adobe Minimart	Pneumatic Conveying & Manufacturing
Arco AM PM (2)	Raleys
Dollar General	Red Bluff Chrysler Dodge Jeep Ram
Food Maxx	Red Bluff Shell
Growney Motors Buick/GMC	Riverside Landscape & Masonry Sup
Home Depot	Tesoro West Coast
Jack in the Box	Tractor Supply
Les Schwab Tire Center	Valero (2)
Main Street Chevron	Walmart
McDonalds	
More for Less Gas	
One Stop Gas	

## REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$3,278,993	\$3,219,977
County Pool	353,402	442,451
State Pool	2,142	1,755
<b>Gross Receipts</b>	<b>\$3,634,537</b>	<b>\$3,664,182</b>
Cty/Cnty Share	(363,454)	(366,418)
<b>Net Receipts</b>	<b>\$3,271,084</b>	<b>\$3,297,764</b>
Less Triple Flip*	\$(817,771)	\$(413,183)
<b>Measure D</b>	<b>\$192,218</b>	<b>\$1,000,510</b>

\*Reimbursed from county compensation fund

**California Overall**

Statewide local sales and use tax receipts were up 1.9% over last year's spring quarter after adjusting for payment aberrations.

The largest gains were for building supplies, restaurants, utility/energy projects and countywide use tax pool allocations. Tax revenues from general consumer goods and business investment categories rose slightly while auto sales leveled off.

**Interest In Tax Reform Grows**

With modest growth in sales and use taxes, agencies are increasingly reliant on local transaction tax initiatives to cover growing infrastructure and employee retirement costs. As of October 1, there are 210 active add-on tax districts with dozens more proposed for the upcoming November and April ballots.

The Bradley-Burns 1% local sales tax structure has not kept pace with social and economic changes occurring since the tax was first implemented in 1933. Technology and globalization are reducing the cost of goods while spending is shifting away from taxable merchandise to non-taxed experiences, social networking and services. Growing outlays for housing and health care are also cutting family resources available for discretionary spending. Tax-exempt digital downloads and a growing list of legislative exemptions have compounded the problem.

California has the nation's highest sales tax rate, reaching 10% in some jurisdictions. This rate, however, is applied to the smallest basket of taxable goods. A basic principle of sound tax policy is to have the lowest rate applied to the broadest possible basket of goods. California's opposite approach leads to revenue volatility and causes the state and local governments to be more vulnerable to economic downturns.

The State Controller, several legislators and some newspaper editorials have suggested a fresh look at the state's tax structure and a few ideas for reform have been proposed, including:

**Expand the Base / Lower the Rate:**

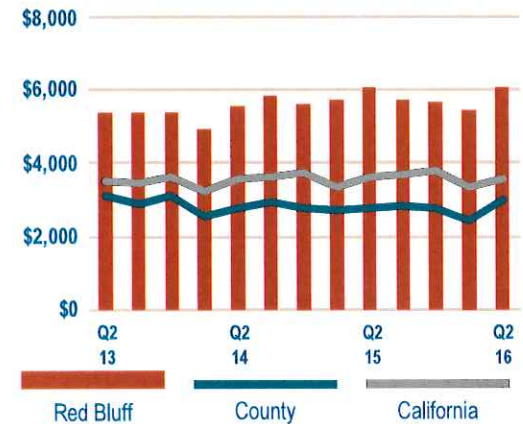
Eliminate much of the \$11.5 billion in exemptions adopted since the tax was first implemented and expand the base to include the digital goods and services commonly taxed in other states. This would allow a lower, less regressive tax that is more competitive nationally and would expand local options for economic development.

**Allocate to Place of Consumption:**

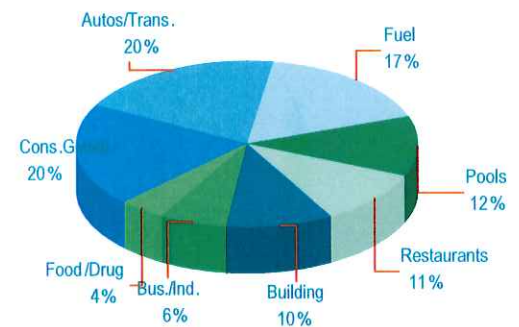
Converting to destination sourcing, already in use in the state's transactions and use tax districts, would maintain the allocation of local sales tax to the jurisdiction where stores, restaurants and other carryout businesses are located, but return the tax for online and catalog sales to the jurisdiction of the buyer that paid the tax. One outcome of this proposal would be the redirection of tax revenues to local agencies that are currently being shared with business owners and corporations as an inducement to move order desks to their jurisdictions.

Tax reform will not be easy. However, failing to reach agreement on a simpler, less regressive tax structure that adapts this century's economy could make California a long-term "loser" in competing with states with lower overall tax rates.

**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 '16	Change	Change	Change
Auto Repair Shops	12,555	-5.8%	-3.5%	4.7%
Automotive Supply Stores	27,076	7.0%	3.9%	1.5%
Casual Dining	55,128	28.6%	24.8%	4.3%
Discount Dept Stores	— CONFIDENTIAL —	—	30.8%	0.7%
Drug Stores	9,653	-5.0%	-3.0%	0.5%
Electronics/Appliance Stores	18,147	49.3%	39.1%	22.4%
Garden/Agricultural Supplies	30,228	5.6%	30.6%	5.6%
Grocery Stores Liquor	— CONFIDENTIAL —	—	-14.3%	1.2%
Lumber/Building Materials	— CONFIDENTIAL —	—	4.6%	3.3%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	3.1%	2.7%
Quick-Service Restaurants	40,693	1.9%	0.3%	6.6%
Repair Shop/Equip. Rentals	9,455	11.8%	16.7%	4.2%
Service Stations	158,897	-15.3%	-13.5%	-19.2%
Used Automotive Dealers	13,695	121.9%	91.7%	10.9%
Variety Stores	— CONFIDENTIAL —	—	16.6%	7.7%
<b>Total All Accounts</b>	<b>849,345</b>	<b>-0.5%</b>	<b>9.5%</b>	<b>-0.6%</b>
<b>County &amp; State Pool Allocation</b>	<b>112,603</b>	<b>24.7%</b>	<b>37.3%</b>	<b>15.2%</b>
<b>Gross Receipts</b>	<b>961,948</b>	<b>1.9%</b>	<b>12.2%</b>	<b>1.4%</b>
City/County Share	(96,195)	-1.9%		
<b>Net Receipts</b>	<b>865,753</b>	<b>1.9%</b>		