

Q2 2017



City of Red Bluff Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2017)

Red Bluff In Brief

Red Bluff's receipts from April through June were 1.3% above the second sales period in 2016.

Higher global crude oil prices combined with regular summer consumption led to solid increases from service stations, exceeding the county and statewide trend.

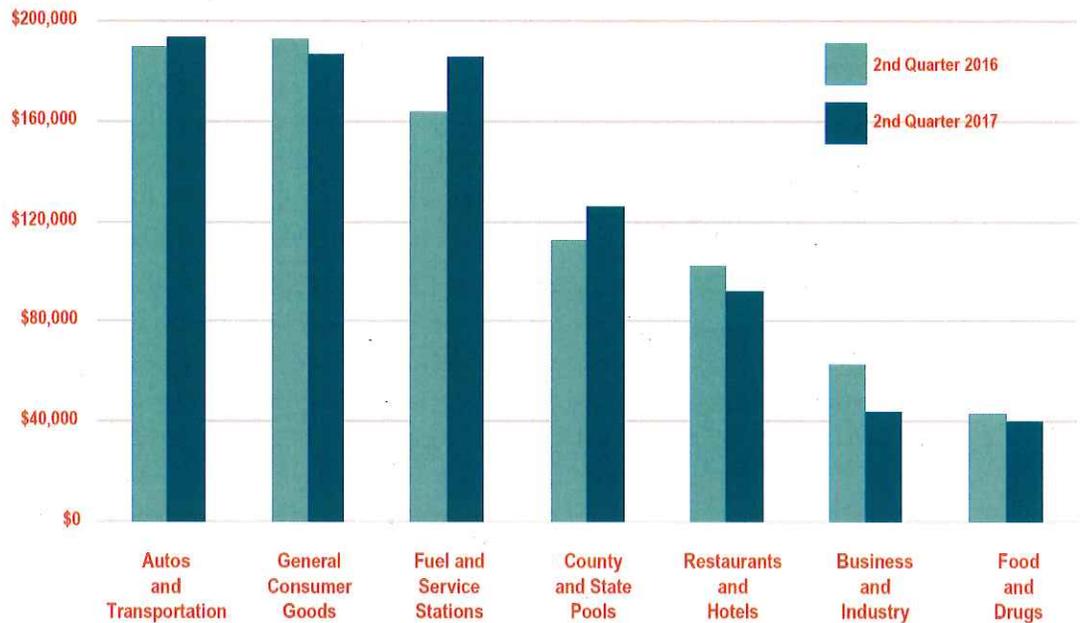
Modest local point of sale growth and a rise in capital and online purchases shipped into the region lifted allocations from the countywide use tax pool, further contributing to the positive outcome.

Recently closed merchants, a temporary reporting anomaly and weak sales activity negatively impacted business-industry, casual dining restaurants and electronic-appliance stores.

The City's voter-approved quarter-cent transaction tax, Measure D, generated an additional \$254,826, a decrease of 10.4% mostly due to non-reoccurring activity in the prior year.

Net of aberrations, taxable sales for all of Tehama County were flat over the comparable time period; the Far North region was up 3.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

76	More for Less Gas
Adobe Minimart	North Valley Distributing
Arco AM PM	One Stop Gas
Dollar General	Raleys
Food Maxx	Red Bluff Chrysler Dodge Jeep Ram
Foothill Ready Mix	Red Bluff Food Mart
Growney Motors Buick/GMC	Red Bluff Shell
Home Depot	Riverside Landscape & Masonry Sup
Jack in the Box	Tractor Supply
Les Schwab	USA Gas
Main Street Auto Sales	Valero
Main Street Chevron	Walmart
McDonald's	Supercenter

REVENUE COMPARISON

Four Quarters - Fiscal Year To Date

	2015-16	2016-17
Point-of-Sale	\$3,219,977	\$3,299,301
County Pool	442,451	480,236
State Pool	1,755	1,797
Gross Receipts	\$3,664,182	\$3,781,333
Cty/Cnty Share	(366,418)	(378,133)
Net Receipts	\$3,297,764	\$3,403,200
Less Triple Flip*	\$(413,183)	\$0
Measure D	\$1,000,510	\$952,124

*Reimbursed from county compensation fund

Published by HdL Companies in Fall 2017

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California Overall

Local government's one-cent share of statewide sales and use tax from transactions occurring April through June was 3.2% higher than the same quarter of 2016 after payment aberrations are factored out.

The largest percentage increases were from the countywide allocation pools, building supplies and rising fuel prices. Auto sales and restaurants continued to post solid gains. Except for value priced apparel and dollar stores, most categories of general consumer goods were down or flat with the growth in online shopping shifting tax receipts to in-state distribution centers or to the countywide allocation pools.

Receipts from business and industrial transactions were lower than last year's comparable quarter because of declines in new alternative energy projects. Agricultural and new technology related purchases exhibited healthy gains as did sales of warehouse and construction equipment. Most other categories were down from 2016.

Where does the Money Go?

E-commerce, technology and changing consumer preferences have retailers undergoing a dizzying transformation as they compete for customers through online websites, mobile apps, home delivery, social media, pop-up/flex stores and pick-up lockers as well as traditional brick and mortar businesses.

The changes in how goods are inventoried, sold and delivered has created some confusion in allocating local sales and use tax. However, it still involves three basic principles:

- Location where the sale is negotiated
- Location of goods at time of sale
- Ownership of goods being sold

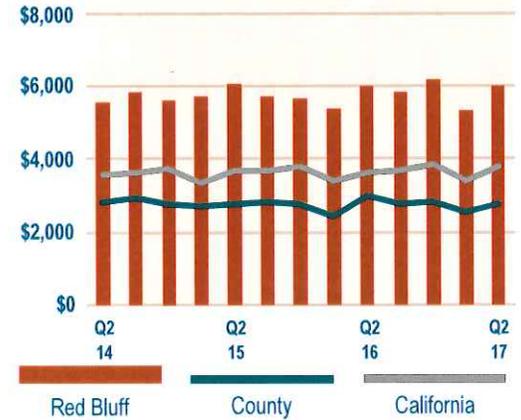
Place of sale continues to be California's primary rule for allocating local sales tax. If the inventory is owned by the seller and is located in-state, the tax goes to the location that participates in the sale, either by receiving the order or

shipping the goods. If the order is taken outside the state but the seller owns the inventory and delivers the goods from inside California, the tax is allocated to the jurisdiction where the warehouse is located. Otherwise, the tax is shared by all agencies in the county where the goods are shipped on a pro-rata basis through the county allocation pools.

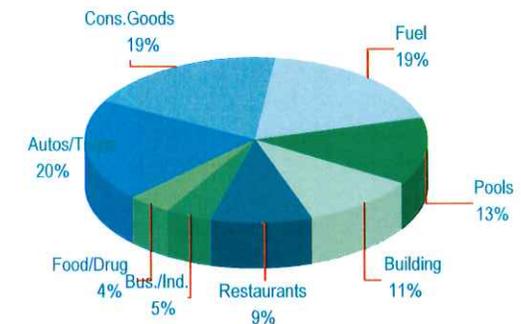
Ownership of the goods being sold is also a factor. In order for an agency to receive a direct allocation of local tax for goods shipped from a California fulfillment center, the location must be the retailer's place of business and not owned or operated by a separate legal entity. If the retailer has no place of business in California, the only opportunity for local tax is an indirect allocation through the countywide pools

For jurisdictions with transactions tax overrides, that tax goes to the place of purchase rather than the place of the seller. For example, the sales tax on the purchase of an automobile goes to the seller's location. However, the transactions tax, if any, goes to the jurisdiction where the buyer's vehicle is registered.

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 '17	Change	Change	Change
Auto Repair Shops	10,506	-16.3%	-6.2%	32.4%
Automotive Supply Stores	27,951	3.2%	3.4%	2.8%
Building Materials	— CONFIDENTIAL —	—	-7.7%	6.0%
Casual Dining	44,648	-19.4%	-15.0%	1.6%
Contractors	— CONFIDENTIAL —	—	-13.0%	10.0%
Discount Dept Stores	— CONFIDENTIAL —	—	-1.4%	3.2%
Drug Stores	9,072	-6.0%	-5.7%	0.8%
Electronics/Appliance Stores	14,310	-21.1%	-15.2%	0.3%
Garden/Agricultural Supplies	29,490	-2.4%	-12.7%	4.4%
Grocery Stores	26,288	-5.5%	-3.0%	2.1%
Home Furnishings	9,534	11.1%	8.6%	0.5%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	10.9%	1.4%
Quick-Service Restaurants	40,526	-0.4%	-0.4%	6.0%
Service Stations	181,576	14.3%	5.6%	8.6%
Variety Stores	— CONFIDENTIAL —	—	11.2%	8.4%
Total All Accounts	848,818	-0.1%	-8.7%	6.4%
County & State Pool Allocation	125,831	11.7%	2.1%	-9.9%
Gross Receipts	974,649	1.3%	-7.4%	4.1%
City/County Share	(97,465)	-1.3%		
Net Receipts	877,184	1.3%		