

Q2 2020



City of Red Bluff Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2020)

Red Bluff In Brief

Red Bluff's receipts from April through June were 17.3% below the second sales period in 2019. Excluding reporting aberrations, actual sales were down 26.7%.

Second quarter 2020 was the economic bottoming out from the COVID-19 pandemic. Fewer travelers and capacity limits had a profound negative impact on restaurants and service stations.

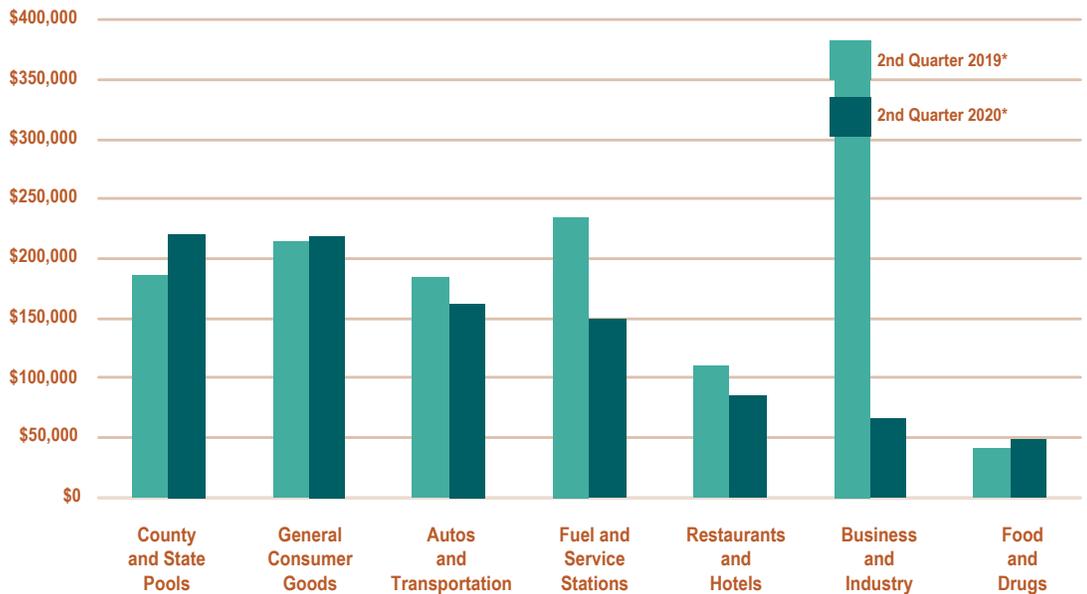
A large, one-time allocation in the previous year resulted in steep declines in business/industry, which would have posted slight gains without the spike in the comparable quarter. With several businesses in the general consumer group being deemed essential and remained open during the quarter, and a new outlet opened up in this group, general consumer goods posted gains of 1.8%.

The growth in the countywide pool saw an increase in online sales boosting the City's allocation from the pool by 18.2% which offset some of the losses from point of sale.

The voter approved transaction tax generated \$290,383; posting a decrease of 25.9%.

Net of aberrations, taxable sales for all of Tehama County declined 15.0% over the comparable time period; the Far North region was down 4.4%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Adobe Minimart	Pneumatic Conveying & Manufacturing
Antelope Liquors & Gas	Raley's
Arco AM PM	Red Bluff Chrysler Dodge Jeep Ram
Dollar General	Red Bluff Gas
Flyers	Red Bluff Shell
Food Maxx	Reynolds Ranch & Farm Supply
Harbor Freight Tools	Riversdie Landscape
Home Depot	Ross
Les Schwab	Taco Bell
McDonald's	Tractor Supply
More for Less Gas	Valero
One Stop Gas & Food	Walmart Supercenter
O'Reilly Auto Parts	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date (Q3 to Q2)

	2018-19	2019-20
Point-of-Sale	\$4,174,480	\$3,654,975
County Pool	642,055	769,910
State Pool	2,078	1,933
Gross Receipts	\$4,818,614	\$4,426,818
Cty/Cnty Share	(481,861)	(442,682)
Net Receipts	\$4,336,752	\$3,984,136
Measure A	\$1,280,210	\$1,240,342

Statewide Results

Local sales and use tax receipts from April through June sales were 16.3% lower than the same quarter of 2019 after factoring for accounting anomalies and back payments from previous quarters.

This was the largest quarter to quarter decline since 2009. The drops were deepest in the San Francisco Bay Area, Central Coast and Southern California where declines in revenues from fuel, automobiles, general consumer goods and restaurants/hotels were the most severe.

However, despite a 14.9% unemployment rate that eclipsed the previous high of 12.3% during the great recession of 2010 and temporary business closures, the drop in sales was less than previously projected by most analysts including HdL.

The high second quarter unemployment rates primarily affected lower wage service sectors which generate a smaller share of sales tax revenues. Internet connected knowledge workers continued to work but locked at home, found that they had extra cash to spend because of reduced commute and work-related expenses and few entertainment or travel options. Additionally, though much of the quarter's government relief payments were spent largely on rents, utilities and necessities, the money was not distributed proportionally to income losses thereby adding temporary discretionary income gains for some recipients.

Low interest rates and longer term lending practices allowed the extra money to be spent on previously delayed purchases such as autos and home improvements. New car registrations dropped 48.9% in the second quarter, but sales tax receipts dropped only 15.8% as buyers who did purchase, opted for more expensive SUV's, trucks and luxury vehicles. As cabin fever set in, sales of RV's, boats and Motorcycles also began to rise.

With restaurants and many brick and mortar stores closed or restricted to limited occupancy, buyers shifted to online shopping with tax revenues from in-state fulfillment centers rising 142.7% over the

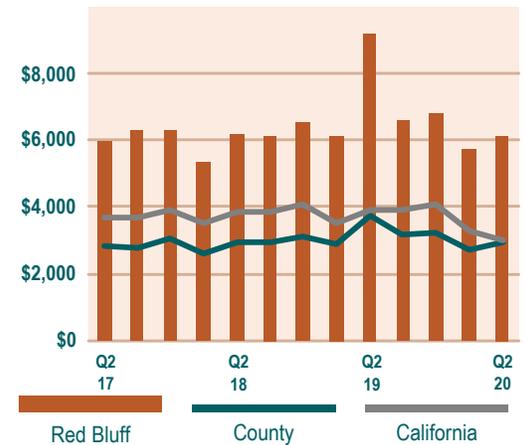
second quarter of 2019 and county pools where tax receipts from out-of-state goods are allocated, rising 28.9%. Online sales accounted for 52.0% of this quarter's tax revenues from the general consumer goods group.

Working at home eventually morphed into working on home thereby boosting related improvement purchases. Grocers, cannabis, liquor and sporting goods further helped offset losses in other segments.

Strong demand for warehouse and shipping technology, equipment and supplies to accommodate the increase in online shopping as well as home offices and virtual classrooms helped offset declines in the business/industrial group. Unanticipated gains in agriculture related purchases and transit spending further added to the offset.

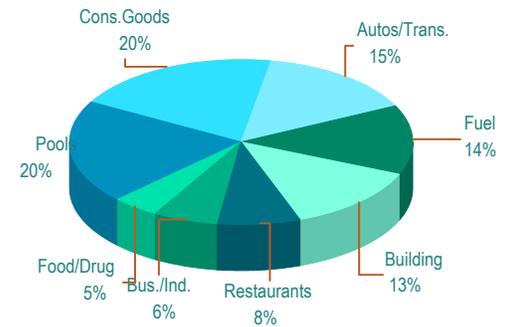
Pandemic uncertainties, fires, childcare issues and bankruptcies are expected to result in uneven gains through 2020-21 with each jurisdiction's experience differing according to the scope and character of their individual tax bases. Overall recovery and improvement in statewide receipts is not expected to begin until 2021-22.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP Red Bluff This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

RED BLUFF TOP 15 BUSINESS TYPES**

Business Type	Red Bluff		County	HdL State
	Q2 '20	Change	Change	Change
Automotive Supply Stores	38,850	16.8%	9.4%	-4.7%
Building Materials	— CONFIDENTIAL —	—	17.2%	7.0%
Casual Dining	34,254	-36.0%	-33.8%	-53.2%
Cigarette/Cigar Stores	— CONFIDENTIAL —	—	63.2%	-13.4%
Discount Dept Stores	— CONFIDENTIAL —	—	10.6%	-6.3%
Drug Stores	— CONFIDENTIAL —	—	9.1%	0.1%
Family Apparel	— CONFIDENTIAL —	—	-33.9%	-66.3%
Garden/Agricultural Supplies	40,129	29.3%	32.3%	3.5%
Grocery Stores	35,375	31.3%	27.9%	7.8%
Heavy Industrial	— CONFIDENTIAL —	—	66.4%	-10.3%
Home Furnishings	11,769	12.9%	9.0%	-41.6%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	9.2%	-15.8%
Quick-Service Restaurants	44,495	-10.2%	-14.2%	-22.0%
Service Stations	145,785	-36.7%	-40.7%	-45.2%
Variety Stores	— CONFIDENTIAL —	—	23.5%	2.5%
Total All Accounts	874,018	-33.1%	-20.3%	-24.0%
County & State Pool Allocation	220,606	18.2%	21.9%	28.9%
Gross Receipts	1,094,624	-26.7%	-15.0%	-16.3%

** Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.