

Q3 2014



City of Red Bluff Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2014)

Red Bluff In Brief

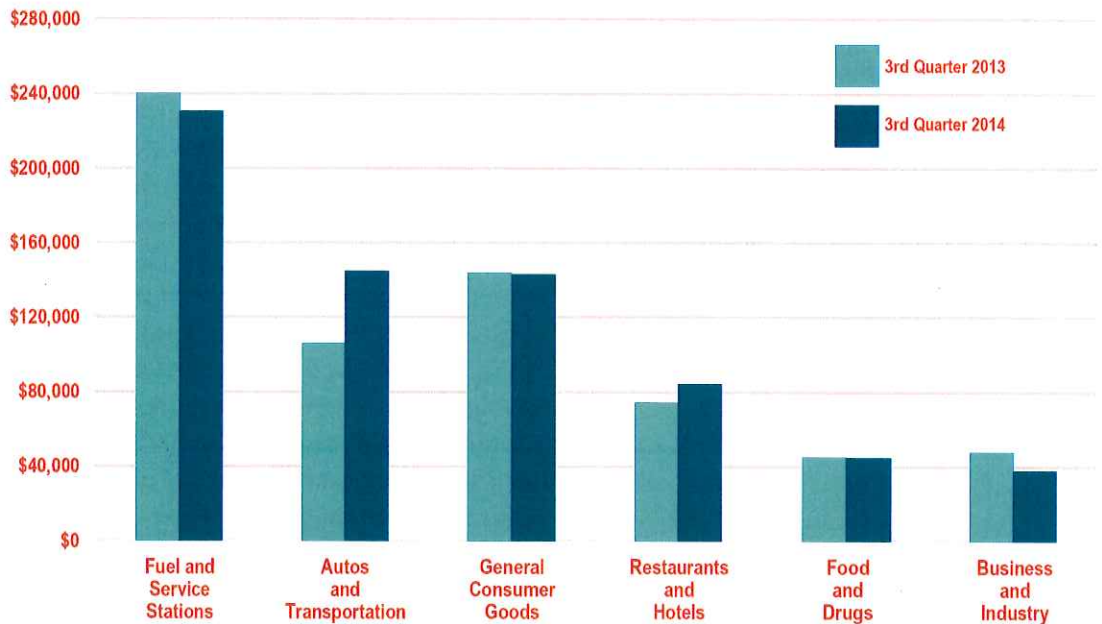
Receipts for Red Bluff's July through September sales were 4.9% above the same quarter one year ago. Excluding reporting aberrations actual sales grew 2.7%.

Autos and transportation results were the bright spot as several business segments showed gains for the reporting period. Various restaurant classifications were also up for the quarter but onetime payment aberrations significantly boosted the comparison. The city also received retroactive payment adjustments for amounts that were previously reported to the countywide use tax pool in error. These amounts were not assigned to any of the seven industry categories used by the city.

Declining sales and onetime negative accounting adjustments caused the drop in the business and industry group. A business closure cut fuel and service station totals. The city's allocation from the countywide use tax pool fell due to takeaways from the pool that resulted in direct allocations to the city.

Adjusted for aberrations, taxable sales for all of Tehama County decreased 0.7% over the comparable time period, while 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	One Stop Gas & Food
Antelope Valero	Raleys Supermarket
Arco AM PM	Red Bluff AM PM
Dollar General	Red Bluff Chrysler Dodge Jeep Ram
Exxon Food Mart	Red Bluff Shell
Food Maxx	Staples
Growney Motors Buick/GMC	Taco Bell
Helibro Inc	Tesoro West Coast
Home Depot	Tractor Supply
Les Schwab Tire Center	Walmart
Liquor & Food	
Main Street Chevron	
McDonalds	

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$760,566	\$824,509
County Pool	87,642	64,983
State Pool	287	544
Gross Receipts	\$848,496	\$890,036
Cty/Cnty Share	(84,850)	(89,004)
Net Receipts	\$763,646	\$801,033
Less Triple Flip*	\$(190,912)	\$(200,258)

*Reimbursed from county compensation fund

California Overall

With payment aberrations removed, local sales tax revenues rose 5.5% over the comparable quarter of July through September 2013.

The largest gains were from the countywide use tax pools which have been boosted by the rising shift to online shopping and involve a larger portion of goods shipped from out-of-state. Rising sales from auto dealers and restaurants, high tech Silicon Valley business activities, and Southern California construction also contributed.

Among general consumer goods, discount department stores, value priced apparel, home goods, pet and personal care products outperformed other categories.

The Impact of Falling Gas Prices on Sales Tax

Fuel prices plunged to a 5 year low in December with predictions that expanded North American oil production, gains in fuel efficiency and a sluggish international economy will sustain lower gas prices through much of 2015.

Not all of the estimated \$50 to \$75 per month family savings will be spent on taxable goods. Part will be absorbed by rising costs of food and other non-taxable necessities and by the ongoing shift in buying habits from purchases of taxable goods to non-taxable services, cellphone fees and internet access.

Among the various economic segments that make up each agency's sales tax base, grocers, drug stores and restaurants should benefit most. Extra disposable income translates into more travel, dining out and impulse purchases of taxable items while shopping for food and necessities.

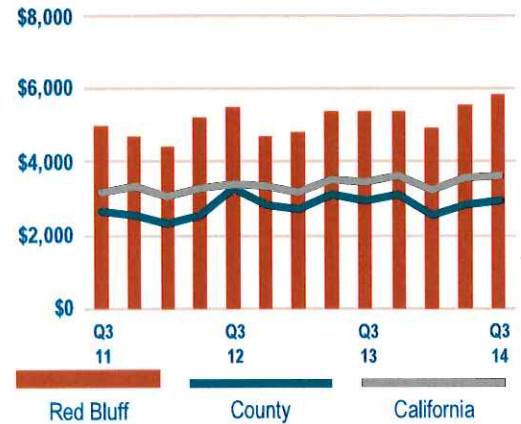
Despite intensive price competition, tax gains from general con-

sumer goods can also be expected although accelerating online shopping will shift much of the growth to the countywide allocation pools rather than brick and mortar stores.

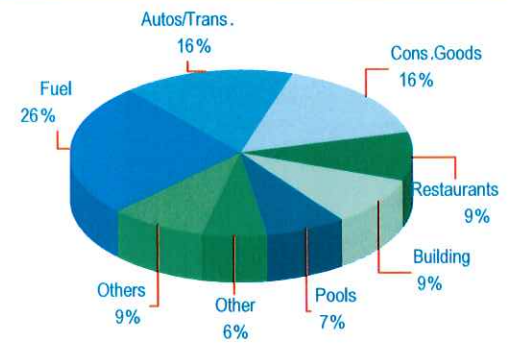
Agencies with auto dealerships are also benefiting as lower fuel prices and increased fuel efficiency have buyers choosing more costly SUVs and accessories. Gains in home improvement purchases are anticipated although the tax will be distributed via countywide pools if the sale includes onsite installation.

The major losing tax segment will be in fuel/service stations. The losses will be partially offset by increased travel/fuel consumption and by added costs associated with new green emission requirements that went into effect January 1. Even so, substantial declines from service stations, truck stops, bulk and jet fuel operators and petroleum industry suppliers should be anticipated. In the business/industry segment, tax from capital investment in new alternative energy and oil production projects is likely to slow.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Red Bluff This Quarter



RED BLUFF TOP 15 BUSINESS TYPES

Business Type	Red Bluff		County	HdL State
	Q3 '14	Change	Change	Change
Auto Repair Shops	11,501	2.4%	4.9%	6.5%
Automotive Supply Stores	25,658	3.3%	-2.6%	-0.2%
Casual Dining	41,658	17.4%	12.6%	6.1%
Discount Dept Stores	— CONFIDENTIAL —	—	21.5%	2.5%
Drug Stores	9,596	3.9%	-0.4%	0.9%
Electronics/Appliance Stores	11,982	-0.3%	3.6%	2.5%
Garden/Agricultural Supplies	— CONFIDENTIAL —	—	-11.4%	3.2%
Grocery Stores Liquor	— CONFIDENTIAL —	—	0.2%	8.6%
Home Furnishings	8,584	-3.5%	-3.4%	6.6%
Lumber/Building Materials	— CONFIDENTIAL —	—	-12.7%	4.6%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	22.4%	8.0%
Quick-Service Restaurants	40,046	8.9%	7.2%	8.4%
Receivables/Master Outlets	54,403	na	na	633.7%
Service Stations	225,110	-4.5%	-4.1%	1.2%
Variety Stores	— CONFIDENTIAL —	—	-3.3%	6.4%
Total All Accounts	\$824,509	8.4%	1.0%	5.5%
County & State Pool Allocation	\$65,527	-25.5%	-30.6%	10.2%
Gross Receipts	\$890,036	4.9%	-2.3%	6.1%
City/County Share	(89,004)	-4.9%		
Net Receipts	\$801,033	4.9%		