

Q3 2015



City of Red Bluff Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2015)

Red Bluff In Brief

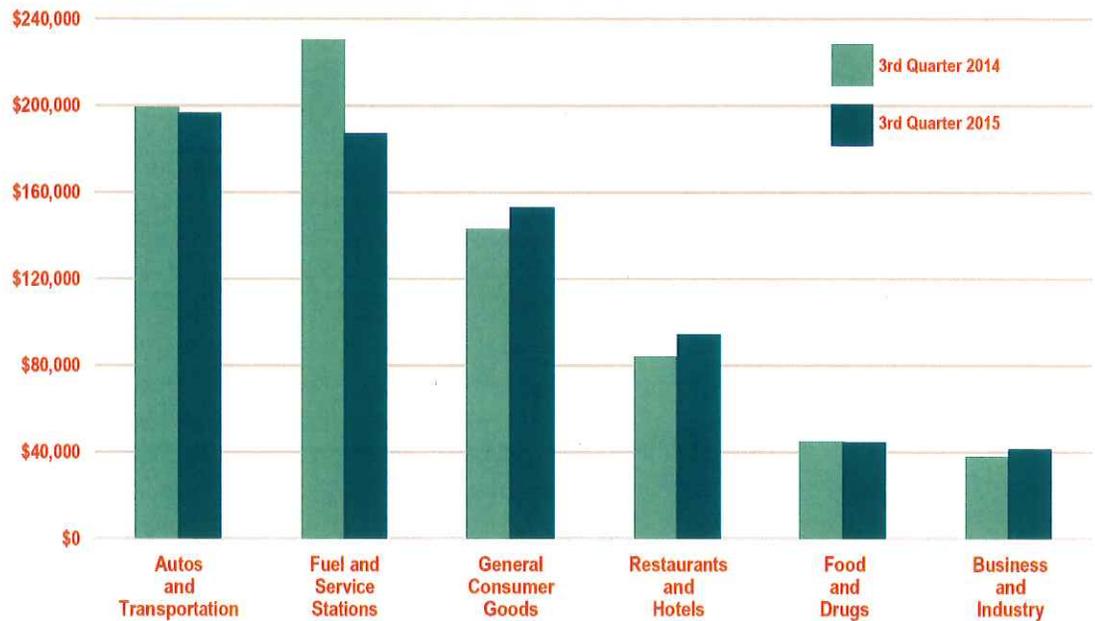
Red Bluff's allocation of sales and use tax from its July through September sales was 4.6% higher than same quarter of 2014. Actual sales activity was up 3.6% after factoring for accounting anomalies.

A solid quarter for autos, building-construction materials and some categories of business-industrial goods were the primary contributors to the actual increase. However, the gains were partially offset by declining prices of fuel.

The city's voter approved Measure D added \$220,883 to the amounts discussed above or 24.2% of that generated by the one cent local sales and use tax.

Adjusted for aberrations, sales and use tax receipts for all of Tehama County declined 0.5% during the comparable time period while the far north region overall, was up 2.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

76	More for Less Gas
Adobe Minimart	Nice Auto
Arco AM PM	One Stop Gas
Arco AM PM	Raleys
Cozy Diner	Red Bluff Chrysler
Dollar General	Dodge Jeep Ram
Food Maxx	Red Bluff Shell
Growney Motors	Staples
Buick/GMC	Tesoro West Coast
Home Depot	Tractor Supply
Jack in the Box	Valero
Les Schwab	Valero
Main Street Chevron	Walmart
McDonalds	

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$824,509	\$808,357
County Pool	64,983	122,572
State Pool	544	155
Gross Receipts	\$890,036	\$931,084
Cty/Cnty Share	(89,004)	(93,108)
Net Receipts	\$801,033	\$837,976
Less Triple Flip*	\$(200,258)	\$(209,494)
Measure D	\$0	\$249,035

*Reimbursed from county compensation fund

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter were up 2.4% over last year's comparable quarter after adjusting for payment aberrations.

New and used auto sales and leases continued to exhibit solid gains and were the primary contributor to the quarter's statewide growth. The countywide allocation pools were the second largest contributors to the overall gain, boosted by increased online sales activity. The state's travel and tourism industry contributed to a robust increase in receipts from restaurants and hotels. Recovering building and construction activity was also significant with an 8.6% increase over the comparison period.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the fourth consecutive quarter.

Overall performance was similar throughout most regions of the state, however the effect of lower fuel prices significantly dampened results in portions of the San Joaquin Valley.

Online Retail Sales Continue to Outpace Brick & Mortar Stores

Fourth quarter tax results will not be available until March but preliminary reports indicate holiday purchases from some brick and mortar stores are flat or down from 2014, while the volume of online shopping has set new records.

Although stores are not in danger of disappearing, the trend has many retail chains considering long-term plans for smaller "showroom" units with less square footage, employees, and in-store inventory.

HdL's statewide sales tax database for the first three quarters of 2015 shows that online orders for general consumer goods rose 17.6% over the first three quarters of 2014, while the overall sales gains at brick and mortar stores grew a modest 2.2%.

New Restrictions on Tax Sharing Agreements

Tax rebates are subject to additional restrictions and reporting requirements in 2016.

Newly adopted Government Code Section 53084.5 prohibits tax sharing agreements that reduce another agency's sales tax if the business generating the tax continues to maintain a physical presence in the losing agency's jurisdiction.

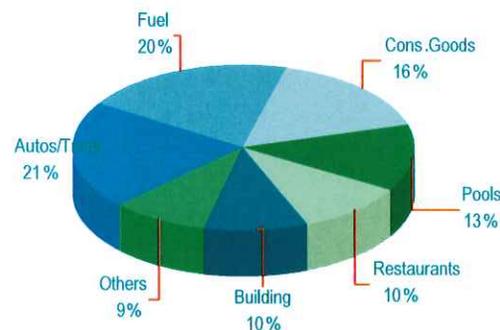
The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial statements with periods beginning after December 15, 2015.

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 '15	Change	Change	Change
Auto Repair Shops	12,375	7.6%	-7.3%	6.3%
Automotive Supply Stores	26,943	5.0%	5.6%	5.9%
Casual Dining	51,556	23.8%	20.3%	5.4%
Discount Dept Stores	— CONFIDENTIAL —		-12.1%	2.1%
Drug Stores	— CONFIDENTIAL —		-8.0%	-1.5%
Electronics/Appliance Stores	12,535	4.6%	13.1%	3.8%
Garden/Agricultural Supplies	20,182	8.0%	30.3%	2.7%
Grocery Stores Liquor	— CONFIDENTIAL —		1.9%	3.8%
Home Furnishings	9,910	15.5%	13.0%	5.1%
Lumber/Building Materials	— CONFIDENTIAL —		4.1%	6.7%
New Motor Vehicle Dealers	— CONFIDENTIAL —		20.1%	8.2%
Quick-Service Restaurants	38,712	-1.2%	-0.5%	6.7%
Service Stations	184,455	-18.1%	-19.0%	-11.8%
Used Automotive Dealers	13,535	66.4%	58.6%	13.8%
Variety Stores	— CONFIDENTIAL —		36.4%	4.9%
Total All Accounts	808,357	-2.0%	-3.8%	2.3%
County & State Pool Allocation	122,727	87.3%	83.7%	3.5%
Gross Receipts	931,084	4.6%	2.6%	2.4%
City/County Share	(93,108)	-4.6%		
Net Receipts	837,976	4.6%		