

# Q3 2017



# City of Red Bluff Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2017)

## Red Bluff In Brief

Red Bluff's receipts from July through September were 9.9% above the third sales period in 2016.

Lower interest rates on long-term financing options boosted receipts from autos-transportation. The return of higher fuel prices pushed revenue higher for service stations.

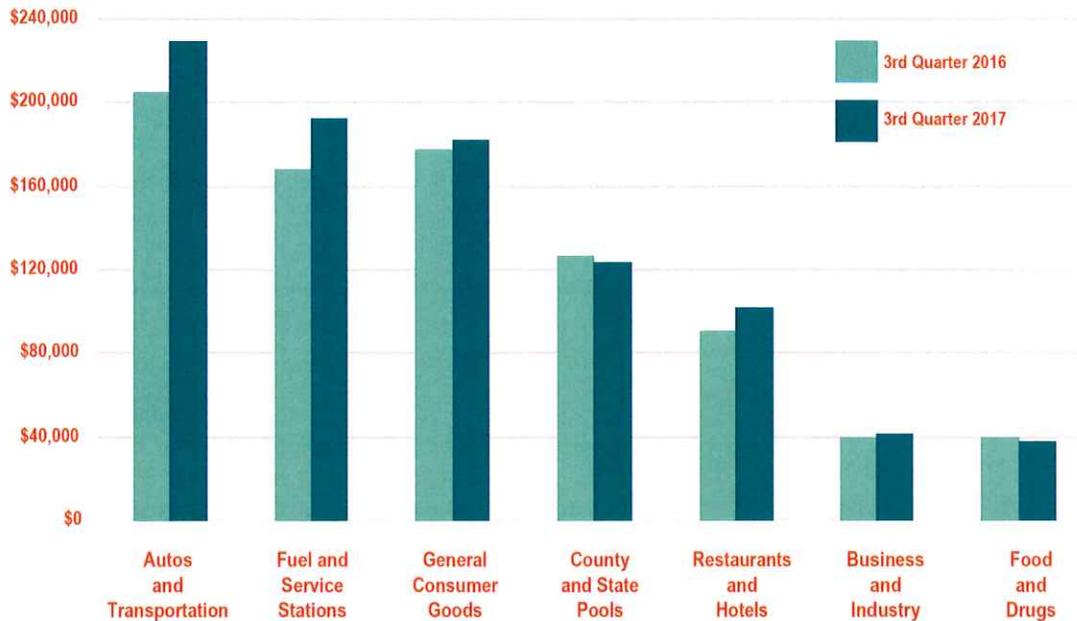
A misallocated local tax payment caused a temporary increase for the building-construction sector. General consumer goods reported mixed results, with increases from home furnishings and electronics/appliance stores. Payment aberrations in prior periods resulted in higher totals for both casual dining and quick-service restaurants.

Grocery stores reported sluggish sales in the third quarter. The City's share of the countywide use tax pool decreased 2.0% when compared to the same period in the prior year.

The City's Measure D ¼ cent transaction and use tax generated an additional \$250,608.

Net of aberrations, taxable sales for all of Tehama County grew 5.8% 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

Adobe Minimart	McDonald's
Antelope Liquors & Gas	More for Less Gas
Arco AM PM	One Stop Gas
Dollar General	Raleys
Flyers	Red Bluff Chrysler Dodge Jeep Ram
Food Maxx	Red Bluff Food Mart
Foothill Ready Mix	Red Bluff Shell
Growney Motors Buick/GMC	Rina's Mini Mart
Harbor Freight Tools	Taco Bell
Home Depot	Tractor Supply
Jack in the Box	USA Gas
Les Schwab Tire Center	Valero
	Walmart Supercenter

### REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2016-17	2017-18
Point-of-Sale	\$825,311	\$921,786
County Pool	125,866	123,358
State Pool	288	719
<b>Gross Receipts</b>	<b>\$951,466</b>	<b>\$1,045,863</b>
Cty/Cnty Share	(95,147)	(104,586)
<b>Net Receipts</b>	<b>\$856,319</b>	<b>\$941,276</b>
<b>Measure D</b>	<b>\$251,943</b>	<b>\$250,608</b>

**Statewide Trends**

After factoring for accounting anomalies, local government's one-cent share of statewide sales and use tax from July through September sales was 3.6% higher than 2016's summer quarter.

Rising fuel prices, increased demand for building-construction materials and the continuing acceleration in online shopping for merchandise shipped from out-of-state that is expanding receipts from the countywide use tax allocation pools were the primary contributors to the overall increase.

This quarter marked the anticipated leveling off of auto sales while agriculture and transit-related purchases helped boost otherwise tepid gains in business-industrial receipts. Restaurant sales exhibited healthy overall gains of 3.5% although growth rates are slowing from previous quarters.

Receipts from consumer goods sold by brick and mortar stores were up 0.7% over the previous year while revenues from online purchases grew 13.3%.

**Cannabis Taxation**

A 15% excise tax on retail cannabis and cannabis products along with a cultivation tax and sales tax on recreational uses take effect on January 1, 2018.

Significant sales tax revenues are not expected until late 2018-19 as retail start-ups comply with lengthy state and local permitting processes. Although sales of medicinal cannabis became exempt in 2016 for purchasers with a state issued Medical Marijuana ID card, jurisdictions with dispensaries continue to receive sales tax from that source as most patients prefer to use a note from their physicians.

Some decline in revenues from medical dispensaries are expected as users' transition to new purchase options and because of lower prices caused by anticipated overproduction and the six month window that suppliers have to sell existing inventory grown under previous regulations.

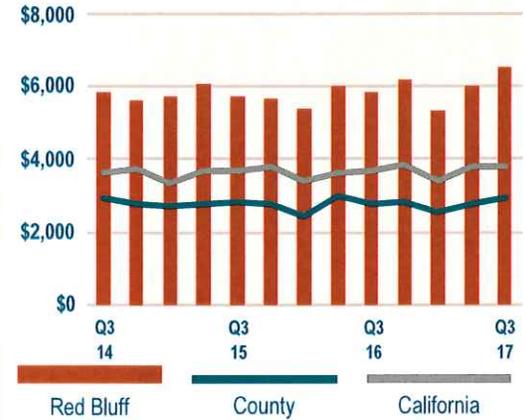
**Sales Tax and Natural Disasters**

The recent firestorm tragedies have raised questions on potential bumps in sales tax revenues from reconstruction and recovery activities.

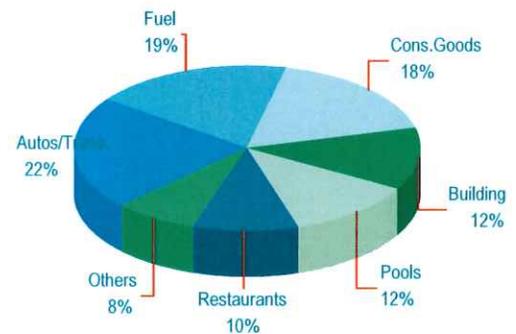
HdL analyzed the sales tax data from the 1991 Oakland Hills, 2003 San Diego Cedar and 2007 San Diego Witch fires which involved the combined loss of over 7,700 structures. Surprisingly, there were no identifiable gains in construction and auto-related purchases within the impacted areas during the five years after each event with receipts following normal economic cycles experienced by the state as a whole.

Further analysis suggests that though the individual losses are catastrophic, purchases of replacement items are a small fraction of the impacted area's total spending and is often spread to other jurisdictions where disaster victims relocate. Tax receipts from construction spending are defused over time because of lengthy claims and permitting processes that cause up to 40% of disaster victims to relocate leaving vacant lots that are not immediately redeveloped.

**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 '17	Change	Change	Change
Auto Repair Shops	11,806	-9.2%	-12.8%	3.7%
Automotive Supply Stores	29,049	-1.5%	8.6%	3.7%
Building Materials	— CONFIDENTIAL —	—	3.9%	5.6%
Casual Dining	50,631	15.3%	4.0%	2.3%
Contractors	— CONFIDENTIAL —	—	5.6%	6.5%
Discount Dept Stores	— CONFIDENTIAL —	—	3.9%	6.1%
Electronics/Appliance Stores	14,962	16.4%	18.2%	0.3%
Garden/Agricultural Supplies	21,329	0.1%	0.6%	10.4%
Grocery Stores	24,825	-6.1%	-5.5%	0.6%
Home Furnishings	10,214	11.5%	9.8%	0.6%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	15.1%	0.9%
Quick-Service Restaurants	44,476	8.1%	6.7%	4.8%
Receivables/Master Outlets	— CONFIDENTIAL —	—	na	-71.1%
Service Stations	188,980	13.9%	6.5%	9.2%
Variety Stores	— CONFIDENTIAL —	—	9.6%	7.3%
<b>Total All Accounts</b>	<b>921,786</b>	<b>11.7%</b>	<b>5.6%</b>	<b>4.1%</b>
<b>County &amp; State Pool Allocation</b>	<b>124,077</b>	<b>-1.6%</b>	<b>-7.0%</b>	<b>4.8%</b>
<b>Gross Receipts</b>	<b>1,045,863</b>	<b>9.9%</b>	<b>4.0%</b>	<b>4.2%</b>
City/County Share	(104,586)	-9.9%		
<b>Net Receipts</b>	<b>941,276</b>	<b>9.9%</b>		