

Q3 2019



City of Red Bluff Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2019)

Red Bluff In Brief

Red Bluff's receipts from July through September were 13.1% below the third sales period in 2018 which were inflated with late payments caused by the State's online reporting system. Excluding reporting aberrations, actual sales were up 6.8%.

Service stations were up due to expected higher summer fuel prices. A few outlets grew revenues by offering competitive prices; overall growth was 8%.

New merchants set up shop during 2019; thus the general consumer goods base increased noticeably. The restaurants-hotels group also reflected positive results.

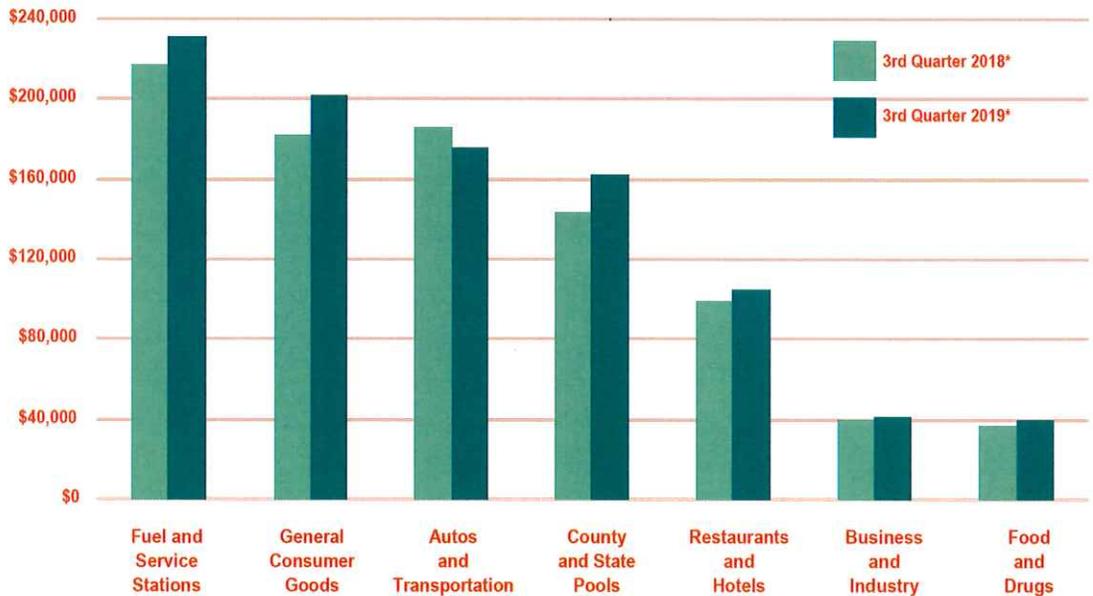
First time returns by out-of-state retailers generated new taxes under the Wayfair decision; when combined with the rise in online buying behavior, countywide pool allocations experienced 13% growth.

Product demand slowed which adversely impacted auto-transportation comparisons.

Measure A reported \$313,870 of local taxes to the above noted amounts after adjusting for payment timing and other irregularities.

Net of anomalies, taxable sales for all of Tehama County grew 8.4% over the comparable time period; the Far North region was up 5.8%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

A Wireless	One Stop Gas & Food
Adobe Minimart	PJ Helicopters
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	Rina's Mini Mart
Growney Motors Buick/GMC	Ross
Harbor Freight Tools	Taco Bell
Home Depot	Tractor Supply
Les Schwab	Valero
McDonald's	Walmart
More for Less Gas	Supercenter

REVENUE COMPARISON

One Quarter - Fiscal Year To Date (Q3)

	2018-19	2019-20
Point-of-Sale	\$1,114,145	\$952,525
County Pool	170,930	164,113
State Pool	581	382
Gross Receipts	\$1,285,656	\$1,117,020
Cty/Cnty Share	(128,566)	(111,702)
Net Receipts	\$1,157,091	\$1,005,318
Measure A	\$341,033	\$330,034

NOTES

Statewide Results

The local one-cent share of statewide sales and use tax from sales occurring July through September was 2.2% higher than the summer quarter of 2018 after adjusting for accounting anomalies.

The bulk of the increase came from the countywide use tax allocation pools and is due to the acceleration in online shopping where a large volume of the orders are shipped from out-of-state.

Online shopping also produced gains in the business-industrial group with in-state industrial zoned logistics centers filling orders previously taken by brick and mortar retailers. Purchases to support healthcare, food processing, logistics/warehouse operations and information/data technology also helped offset declines in other business-related categories.

With the exception of some discount and value-oriented retail, most categories of general consumer goods were down. New cannabis related start-ups offset declines in the food and drug group while a softening in building-construction receipts was consistent with recent declines in the volume and value of new building permit issuances.

Overall growth in restaurant receipts continued to soften with a shift toward lower cost dining establishments and takeout meal options. Reports of labor shortages and the impact of homelessness on customer traffic in metropolitan areas were reportedly factors in the decline in tax revenues from higher price, fine dining establishments.

Despite a slight uptick in used auto and auto lease receipts, the auto related group was significantly down due to a drop in new car and RV sales. Previously propped up by a 23% subprime rated customer base and six- and seven-year financing, loan delinquencies have recently surged back to levels last seen in 2009.

Additional Tax Districts Approved

Voters approved eight of the nine sales

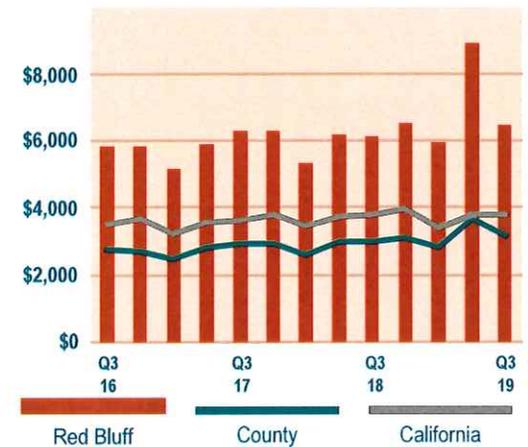
tax measures on the November 2019 ballot adding six new districts and extending two others.

This brings the total number of local transactions and use tax districts (TUT's) to 325 with 62 that are levied countywide and 263 imposed by individual cities. The number of local districts have close to tripled over the last decade as agencies deal with rising costs and service needs. TUT's have been a favorable option as visitors contribute to the tax and a collection system is already in place that minimizes administrative and monitoring costs.

California's basic rule is that the rate for all local TUT's combined, shall not exceed 2.0% or a total of 9.25% including the state levy. However, the state legislature has authorized higher caps in some jurisdictions with the highest voter-approved, combined state/local rate now at 10.5%.

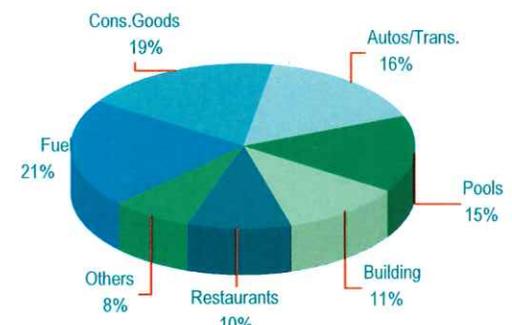
Thirty-five or more additional local TUT measures are currently being considered for the March 2020 ballot.

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
	Q3 '19	Change	Change	Change
Auto Repair Shops	9,294	-14.1%	-2.9%	0.9%
Automotive Supply Stores	38,181	31.2%	20.5%	3.7%
Building Materials	— CONFIDENTIAL —	—	11.2%	0.2%
Casual Dining	50,147	5.5%	5.6%	2.3%
Discount Dept Stores	— CONFIDENTIAL —	—	2.1%	2.8%
Drug Stores	8,988	7.9%	7.4%	-1.2%
Electronics/Appliance Stores	12,184	-1.5%	-1.2%	-3.1%
Family Apparel	— CONFIDENTIAL —	—	582.3%	1.5%
Garden/Agricultural Supplies	24,680	7.0%	20.2%	4.5%
Grocery Stores	26,319	8.8%	9.4%	1.7%
Home Furnishings	9,901	-0.4%	-0.4%	-1.0%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	0.7%	-7.2%
Quick-Service Restaurants	47,395	5.4%	6.0%	2.6%
Service Stations	229,841	8.0%	0.9%	-1.5%
Variety Stores	— CONFIDENTIAL —	—	9.1%	3.4%
Total All Accounts	920,117	5.8%	6.3%	0.3%
County & State Pool Allocation	162,127	13.0%	22.1%	14.9%
Gross Receipts	1,082,244	6.8%	8.4%	2.3%

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