

Q4 2014



City of Red Bluff Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2014)

Red Bluff In Brief

Receipts for Red Bluff's October through December sales were 7.4% higher than the same quarter one year ago. Actual sales activity was up 3.2% when reporting aberrations were factored out.

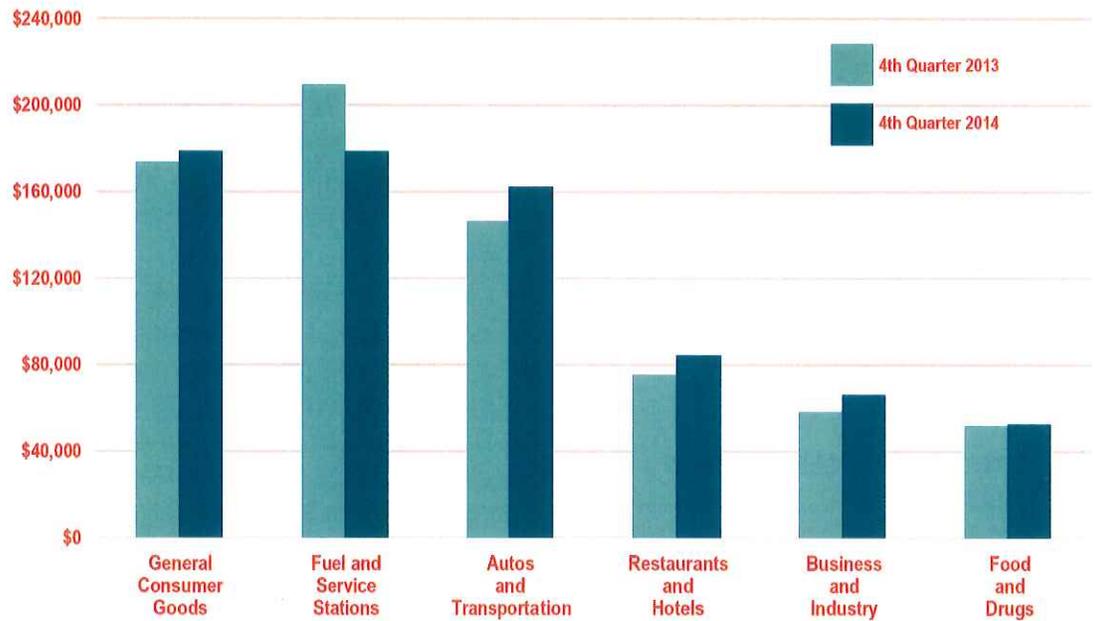
Gains from building and construction suppliers were slightly exaggerated by a payment deviation in the comparison period, however once adjusted, group results were still positive. The city also experienced strong returns from autos and transportation, consistent with regional and statewide trends.

Continued consumer interest in dining out led to solid receipts from restaurants and hotels, while improved holiday shopping for general consumer goods, especially electronics, also contributed to the positive outcome.

Results were slightly impacted by declines in retail gas prices and thereby a drop in revenue from fuel and service stations.

Adjusted for aberrations, taxable sales for all of Tehama County decreased 8.2% over the comparable time period, while the Far North region as a whole was down 1.0%.

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	Pneumatic Conveying & Manufacturing
Arco AM PM	Raleys Supermarket
CVS Pharmacy	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
Home Depot	Tesoro West Coast
Les Schwab Tire Center	Tractor Supply
Main Street Chevron	Walmart
McDonalds	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$1,524,323	\$1,618,170
County Pool	167,603	176,841
State Pool	806	1,423
Gross Receipts	\$1,692,731	\$1,796,435
Cty/Cnty Share	(169,273)	(179,643)
Net Receipts	\$1,523,458	\$1,616,791
Less Triple Flip*	\$(380,865)	\$(404,198)

*Reimbursed from county compensation fund

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Holiday Quarter Up

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter (October – December) of 2014 were 3.6% higher than last year's holiday quarter.

The gain was primarily due to continued strong demand for new cars and trucks, increased restaurant patronage and a rise in the countywide "use tax" allocation pools resulting from a shift to online shopping where much of the merchandise is shipped from out of state. General consumer goods sales allocated via the pools rose 22% during this holiday quarter versus an increase in tax receipts from brick and mortar stores of only 2.8%.

Robust sales for building and construction materials added to the overall increase which was largely offset by significant declines in revenues from petroleum related industries and service stations.

Gasoline Supply and Demand

Statewide, fourth quarter's tax receipts from fuel and service stations dropped 10.4% from the previous year. Prices rebounded in the first quarter of 2015 due to refinery shutdowns and labor strife but remained well below the prior year due to a worldwide supply glut and weak demand.

Spending cuts by oil producers and a sharp decline in the number of rigs drilling for crude in the U.S. could reduce output and place upward pressure on prices in the second half of 2015. However, improved fuel efficiency and demographic changes continue to reduce demand for gasoline, with consumption at the lowest it has been in 30 years.

From 2008 through 2014 Californians purchased just over 10 million new vehicles, with mileage ratings almost 22% higher than those they replaced. Also, usage has further declined as baby boomers age into retirement and millennials increasingly favor public transportation and car services that make owning a vehicle less necessary.

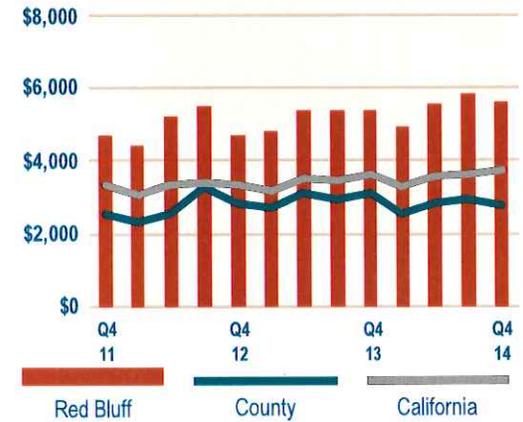
Triple Flip Unwind

In March 2004, California voters approved Proposition 57, the California Economic Recovery Bond Act that authorized the issuance of \$15 billion in "Economic Recovery Bonds" to close the state's operating budget deficit.

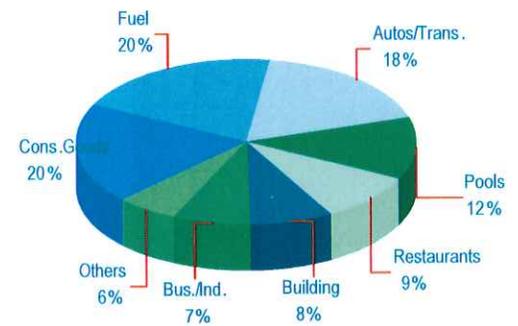
The Bradley-Burns local sales tax rate was decreased from 1 percent to 0.75 percent and the diverted 0.25 percent rate was pledged to repay the bonds. The state then directed that counties reimburse local governments for the 0.25 percent loss with property tax from the Educational Revenue Augmentation Fund (ERAF) set up for schools and then reimburse schools for the ERAF loss from the State General Fund. The funding scheme became known as the "Triple Flip."

The governor's FY 2014-15 state budget currently provides for retiring the bonds as early as July 2015. If carried out as planned, local agencies would receive their final "true-ups" of triple flip reimbursements in the first half of 2016 and the full one cent Bradley-Burns tax reinstated in their second quarter 2016 receipts.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Red Bluff This Quarter



RED BLUFF TOP 15 BUSINESS TYPES

Business Type	Red Bluff		County	HdL State
	Q4 '14	Change	Change	Change
Auto Repair Shops	10,583	7.1%	9.0%	5.9%
Automotive Supply Stores	24,053	3.0%	14.9%	2.1%
Casual Dining	47,051	29.4%	22.0%	6.1%
Discount Dept Stores	— CONFIDENTIAL —	—	2.4%	0.9%
Drug Stores	11,538	0.0%	-3.0%	-2.3%
Electronics/Appliance Stores	16,583	15.1%	24.6%	1.3%
Garden/Agricultural Supplies	24,715	12.2%	3.5%	5.8%
Grocery Stores Liquor	— CONFIDENTIAL —	—	-3.6%	3.5%
Heavy Industrial	— CONFIDENTIAL —	—	34.1%	14.6%
Lumber/Building Materials	— CONFIDENTIAL —	—	50.3%	-0.7%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	12.4%	7.6%
Quick-Service Restaurants	35,040	-4.4%	-2.0%	7.5%
Service Stations	172,951	-15.2%	-12.2%	-10.5%
Used Automotive Dealers	9,184	-0.3%	-1.4%	12.7%
Variety Stores	— CONFIDENTIAL —	—	31.2%	3.2%
Total All Accounts	\$793,661	3.9%	-10.5%	3.8%
County & State Pool Allocation	\$112,737	40.1%	20.6%	4.7%
Gross Receipts	\$906,398	7.4%	-7.6%	3.9%
City/County Share	(90,640)	-7.4%		
Net Receipts	\$815,758	7.4%		