

# Q4 2015



# City of Red Bluff Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2015)

## Red Bluff In Brief

Red Bluff's receipts from October through December were flat compared to the fourth sales period in 2014.

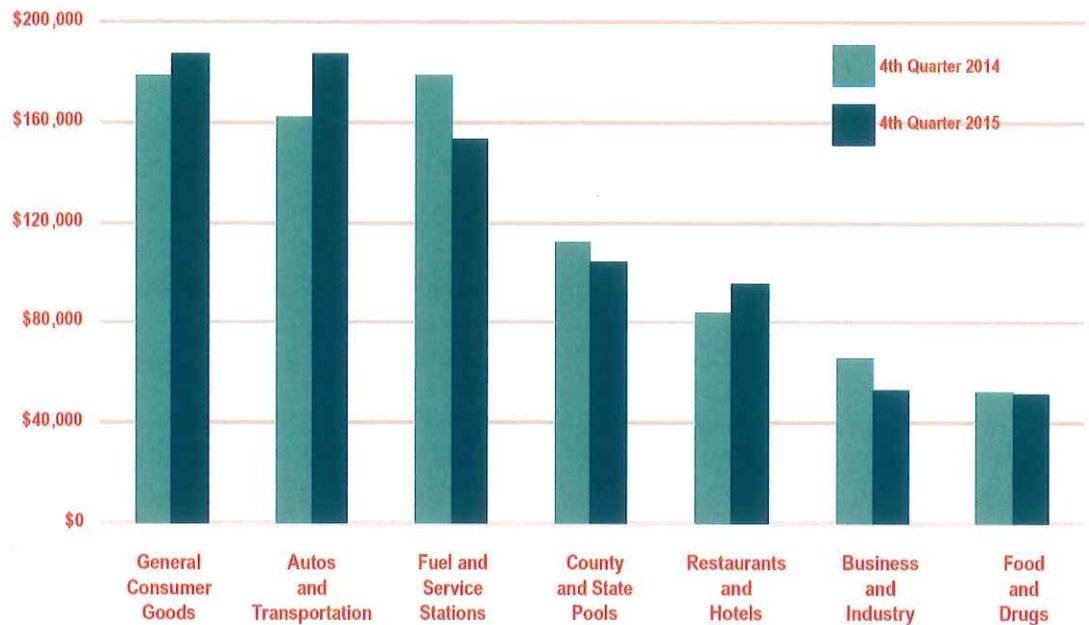
Strong consumer demand for light and heavy duty trucks combined with favorable financing options continues to support the growth from autos-transportation. New dining choices and steady interest in local eateries boosted restaurant receipts. Solid holiday season returns from multiple categories including home furnishings pushed general consumer goods higher.

For the fifth straight quarter, weak global demand for crude oil was responsible for lower retail gas prices and therefore decreased revenue from service stations, while sluggish sales by industrial merchants further offset the gains.

The City's recently approved transaction tax, Measure D, generated an additional \$250,939.

Net of aberrations, taxable sales for all of Tehama County declined 2.0% over the comparable time period; the Far North region was up 4.5%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

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

## REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$1,618,170	\$1,608,744
County Pool	176,841	225,672
State Pool	1,423	1,952
<b>Gross Receipts</b>	<b>\$1,796,435</b>	<b>\$1,836,367</b>
Cty/Cnty Share	(179,643)	(183,637)
<b>Net Receipts</b>	<b>\$1,616,791</b>	<b>\$1,652,731</b>
Less Triple Flip*	\$(404,198)	\$(413,183)
<b>Measure D</b>	<b>\$0</b>	<b>\$499,974</b>

\*Reimbursed from county compensation fund

**California Overall**

Excluding accounting aberrations, local sales and use tax receipts from the fourth quarter of 2015 ended 2.6% above 2014's holiday quarter.

Solid returns for autos, RVs, building materials and most categories of restaurants were the primary contributors to the statewide increase. The growth in online shopping for merchandise shipped from out-of-state continued to raise countywide use tax allocation pool revenues.

The gains were largely offset by a 13.2% drop in tax receipts from service stations and other fuel-related expenditures. Except for value price clothing and shoes, most categories of general consumer goods were flat or down, reflecting heavy price discounting to reduce excess holiday inventories and the impact of the strong dollar on international tourist spending.

With some exceptions, particularly in the areas of computers and agricultural chemicals, overall receipts from business and industrial expenditures were also down primarily due to cutbacks in capital spending by energy producers and manufacturers of exported goods, equipment and raw materials.

Intense competition and price pressures resulted in only modest gains in receipts from grocers and pharmacists with the largest increase in this group coming from liquor stores and marijuana dispensaries.

HdL's most recent economic consensus forecast anticipates similar modest gains through 2016 with an eventual peak in auto sales replaced by strong sales of building and construction materials for home improvement and new housing. A recovery in tax receipts from fuel is not expected until the end of the year.

**The Triple Flip Is Over!**

Beginning with taxes collected in January and forward, local governments will again receive their full share of Bradley-Burns sales and use tax reve-

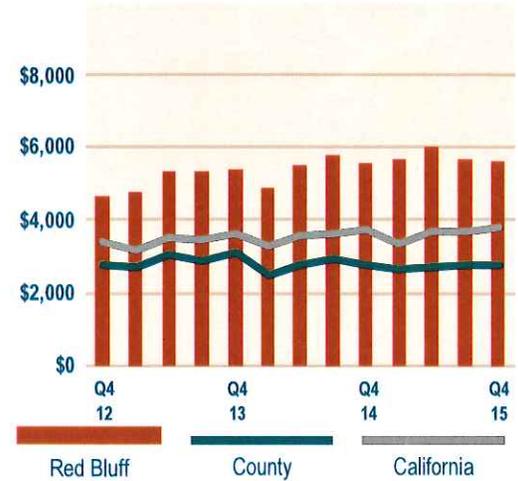
nues thus ending an eleven-year program known as the Triple Flip.

The program began in 2004 when voters approved a \$15 billion bond issue to cover operating deficits resulting from a combination of that year's economic downturn plus failure to offset the loss of revenue from the Governor's popular reduction in the 65-year-old, 2% Motor Vehicle In-Lieu Tax.

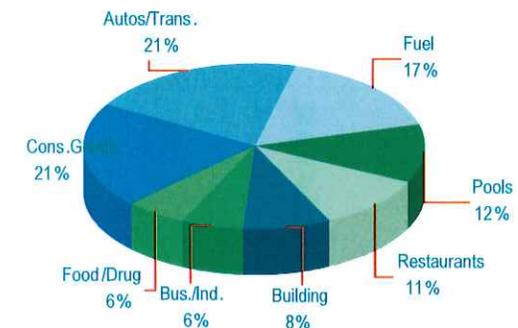
The State retained 25% of local sales tax to guarantee the bonds, reimbursed local governments from monies meant for schools and replaced the money taken from schools with state general funds thus creating what became known as the Triple Flip. The financing scheme resulted in interest payments totaling \$4.8 billion, plus another \$200 million in administrative fees while creating new budget challenges for local governments.

It also resulted in voter passage of constitutional amendment Proposition 1A that bars state tampering with local sales and use tax revenues in the future.

**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 '15	Change	Change	Change
Aircraft Sales & Service	— CONFIDENTIAL —	—	na	-8.8%
Auto Repair Shops	11,868	12.1%	5.9%	5.7%
Automotive Supply Stores	26,135	8.7%	4.1%	5.3%
Casual Dining	48,384	2.8%	8.9%	6.1%
Discount Dept Stores	— CONFIDENTIAL —	—	2.5%	3.0%
Drug Stores	11,496	-0.4%	-0.5%	1.2%
Electronics/Appliance Stores	15,495	-6.6%	-1.5%	0.6%
Garden/Agricultural Supplies	25,477	3.1%	26.5%	16.3%
Grocery Stores Liquor	— CONFIDENTIAL —	—	-2.9%	0.5%
Home Furnishings	9,157	8.6%	5.9%	2.0%
Lumber/Building Materials	— CONFIDENTIAL —	—	5.7%	10.1%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	9.9%	7.9%
Quick-Service Restaurants	42,460	11.6%	10.6%	7.9%
Service Stations	149,602	-13.5%	-12.2%	-10.5%
Variety Stores	— CONFIDENTIAL —	—	25.5%	9.9%
<b>Total All Accounts</b>	<b>800,386</b>	<b>0.8%</b>	<b>0.0%</b>	<b>2.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>104,896</b>	<b>-7.0%</b>	<b>-7.8%</b>	<b>10.8%</b>
<b>Gross Receipts</b>	<b>905,283</b>	<b>-0.1%</b>	<b>-1.0%</b>	<b>3.5%</b>
City/County Share	(90,528)	0.1%		
<b>Net Receipts</b>	<b>814,755</b>	<b>-0.1%</b>		