

Q4 2019



City of Red Bluff Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2019)

Red Bluff In Brief

Red Bluff's receipts from October through December were 11.0% above the fourth sales period in 2018. Excluding reporting aberrations, actual sales were up 8.6%.

The full implementation of AB 147 (Wayfair- Marketplace Facilitators) boosted the unincorporated area's allocation from the countywide use tax pool by 37.4%. This good news mitigated declines from point of sales and furthered the overall gains for the quarter.

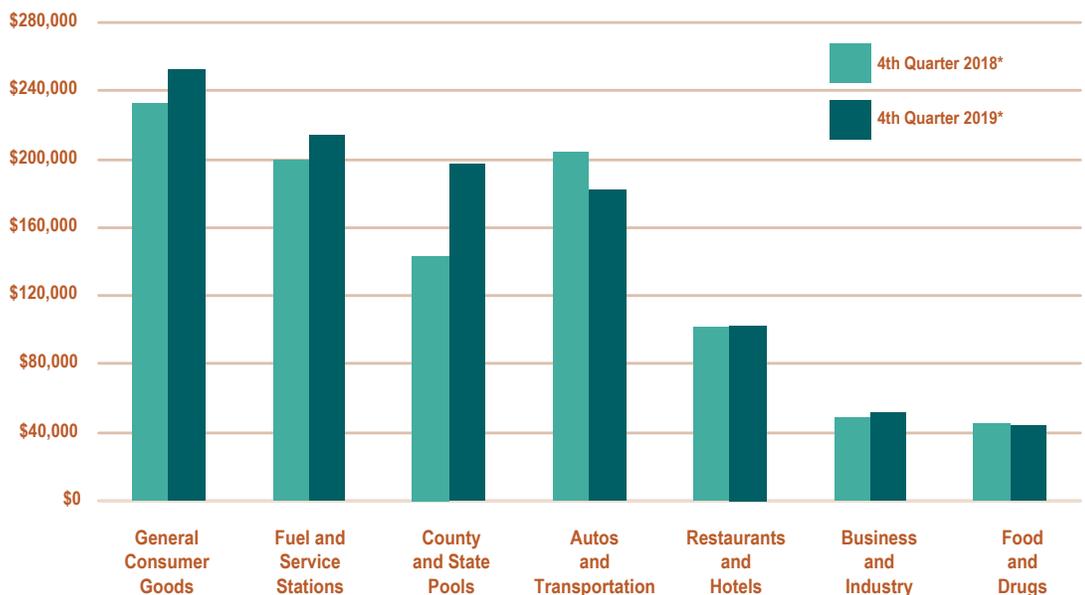
A new outlet in family apparel contributed to the 8.4% growth in the general consumer goods group. Strong sales at services stations resulted in gains of 5.7% which outperformed the countywide decline of 2.4%.

Slowing sales in autos and transportation resulted in declines of 10.6%.

The voter approved transaction tax Measure A generated \$307,702; boosted by new revenues generated as a result of AB 147.

Net of aberrations, taxable sales for all of Tehama County grew 8.5% over the comparable time period; the Far North region was up 4.6%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

A Wireless	More for Less Gas
Adobe Minimart	One Stop Gas & Food
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	Ross
Harbor Freight Tools	Tractor Supply
Home Depot	USA Today
Les Schwab Tire Center	Valero
Marshalls	Walmart
McDonald's	Supercenter

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date (Q3 to Q4)

	2018-19	2019-20
Point-of-Sale	\$2,043,273	\$1,929,772
County Pool	298,550	359,733
State Pool	1,030	871
Gross Receipts	\$2,342,853	\$2,290,376
Cty/Cnty Share	(234,285)	(229,038)
Net Receipts	\$2,108,568	\$2,061,339
Measure A	\$619,477	\$640,837

California Overall

Statewide sales and use tax receipts from 2019's fourth quarter were 4.2% higher than last year's holiday quarter after factoring for accounting anomalies.

The increase came from the acceleration in online shopping which generated huge gains in the countywide use tax pools for merchandise shipped from out-of-state and from California based fulfillment warehouses in those cases where the warehouse is also point-of-sale. This segment was further boosted by the first full quarter of California's implementation of the Wayfair vs South Dakota ruling that requires out-of-state retailers to collect and remit sales tax on merchandise sold to California customers. The ruling has led to an increase in sales tax receipts of roughly \$2.95 per capita while also producing double digit gains for in-state online fulfillment centers.

In contrast, soft sales and closeouts resulted in a decline in almost every category of brick-and-mortar spending during the holiday season while new cannabis retailers helped boost what would have been a soft quarter for the food-drug group. Most other sales categories including new cars and business-industrial purchases were also down. Restaurant group gains were modest compared to previous quarters.

Overall, the rise in county pool receipts offset what would have been otherwise, a flat or depressed quarter for most jurisdictions.

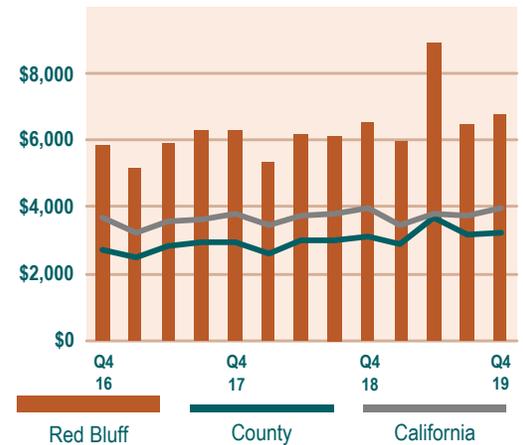
Covid-19

The coronavirus impact will first be seen in next quarter's data reflecting January through March sales. Based on recovery rates being reported in some Asian countries, the virus's disruption of supply chains will be deepest in the first and second quarter and largely resolved by mid-summer. However, recovery from social distancing and home confinements could take longer

with the deepest tax declines expected in the restaurant/hospitality, travel/transportation and brick-and-mortar retail segments. Layoffs and furloughs are also expected to reduce purchases of new cars and other high cost durable goods. The losses from the state's high-tech innovation industries may be more modest while the food-drug and online retail groups could exhibit increases.

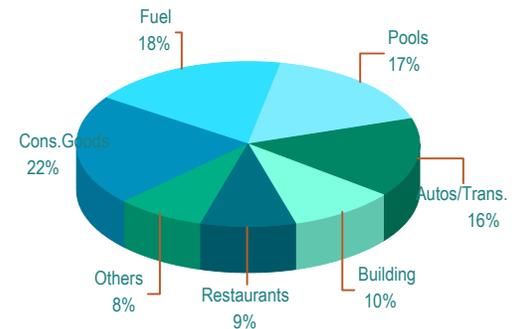
Assuming that the virus is largest contained by the end of September, HdL's economic scenario projects that tax declines will bottom out in the first quarter of 2021 but with only moderate gains for several quarters after. Data from previous downturns suggests that the return to previous spending is not immediate and often evolves. Businesses emerge with ways to operate with fewer employees and more moderate capital investment. Consumers take time to fully get back to previous levels of leisure travel, dining and spending and may permanently transfer to newly discovered services, activities and/or online retail options.

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
	Q4 '19	Change	Change	Change
Automotive Supply Stores	36,596	30.1%	9.8%	0.6%
Building Materials	— CONFIDENTIAL —		19.8%	1.4%
Casual Dining	49,221	-0.6%	-3.9%	3.8%
Discount Dept Stores	— CONFIDENTIAL —		-9.4%	3.6%
Drug Stores	— CONFIDENTIAL —		-2.2%	-0.7%
Electronics/Appliance Stores	15,857	-2.0%	0.3%	-6.6%
Family Apparel	38,466	na	961.9%	1.3%
Garden/Agricultural Supplies	26,453	-1.8%	-14.1%	-0.4%
Grocery Stores	30,573	4.0%	4.5%	1.3%
Home Furnishings	10,575	-6.9%	-6.6%	-2.1%
New Motor Vehicle Dealers	— CONFIDENTIAL —		-3.2%	-3.4%
Quick-Service Restaurants	46,188	2.4%	3.0%	1.9%
Repair Shop/Equip. Rentals	8,444	20.7%	34.6%	1.4%
Service Stations	208,118	5.7%	-2.4%	0.2%
Variety Stores	— CONFIDENTIAL —		3.2%	0.5%
Total All Accounts	963,537	4.1%	4.0%	0.2%
County & State Pool Allocation	197,101	37.4%	37.7%	26.7%
Gross Receipts	1,160,638	8.6%	8.5%	4.2%

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