

Q2 2013



Yuba City Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (April - June 2013)

Yuba City In Brief

Second quarter receipts inched up 0.5% but payment aberrations skewed the data. Excluding anomalies, actual sales were up 5.7%.

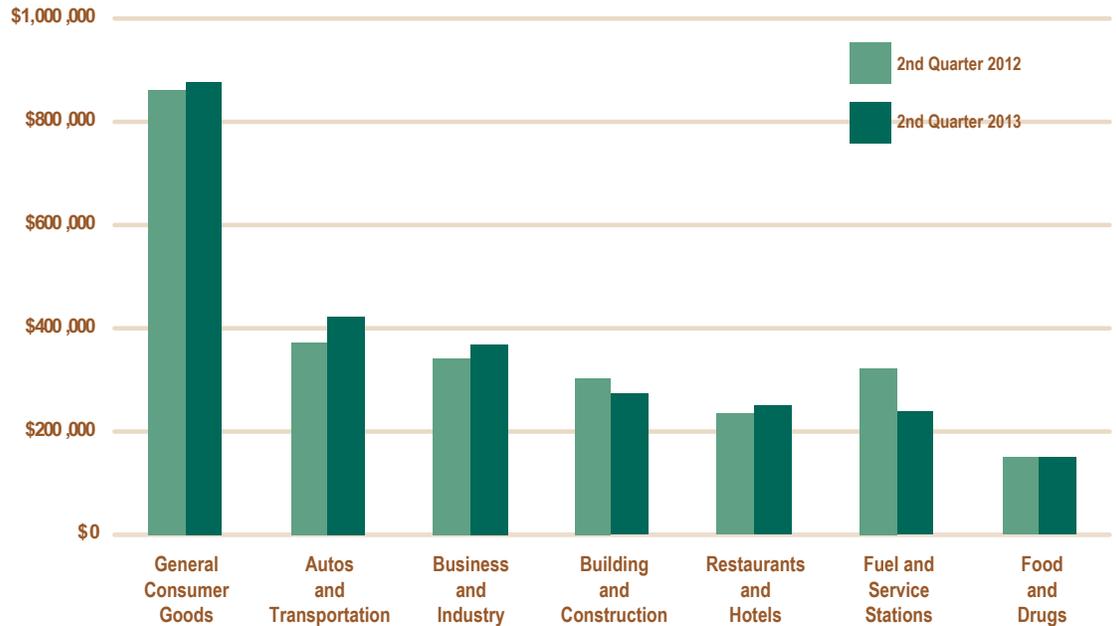
Most major industry groups showed positive results but autos and transportation, business and industry, restaurants and hotels and general consumer goods contributed most to overall gains. Further, building and construction, a group that appeared to be down, showed a strong increase once accounting aberrations were factored out.

New motor vehicle sales generated most of the growth in the autos and transportation segment and bested regional and statewide trends. Accounting adjustments that pared receipts a year ago inflated the business and industry increase. General consumer and restaurant comparisons were little-affected by accounting adjustments.

Lower prices at the pump cut fuel and service station proceeds but late-arriving receipts from sales in prior periods exaggerated the drop by temporarily inflating year-ago totals.

Net of accounting adjustments, all of Sutter County was up 10.6%; statewide sales grew 5.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Arco	Sams Club
Bianchi Ag Services	Sears
Dawson Oil	Target
Dow Lewis Motors	Tractor Supply
Holt of California	United Agri Products
Home Depot	Valley Truck & Tractor
Kohls	Walgreens
Larry Geweke Ford	Walmart
Lowes	Wheeler Chevrolet
Matthews Readymix	Cadillac Mazda
Meeks Building Center	Wilbur Ellis
Quik Stop	Winco Foods
Ross	Yuba City Toyota Scion

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$2,591,372	\$2,584,481
County Pool	255,503	276,879
State Pool	2,553	1,781
Gross Receipts	\$2,849,427	\$2,863,141
Less Triple Flip*	\$(712,357)	\$(715,785)

*Reimbursed from county compensation fund

State Overall

Adjusted for accounting anomalies, receipts from local governments' one cent sales and use tax were up 5.4% over the second quarter of 2012.

More than half of the increase was driven by a strong quarter for auto sales plus new revenues flowing to the countywide use tax allocation pools largely as result of the previous passage of AB 155's expanded definition of nexus for out-of-state companies required to collect California sales and use taxes.

Receipts from the building and construction categories exhibited significant gains reflecting the beginning of a recovery in new housing construction and considerable remodeling activity.

Restaurant sales were also strong but limited to low priced quick service chains and higher priced fine dining restaurants with full liquor licenses.

Gains from general consumer goods were modest overall and tended to be retailer and community specific. Tax revenues from fuel were down from last year's comparable quarter while receipts from business and industrial purchases were flat with the few increases in that group primarily tied to agriculture and food processing.

The Remaining Fiscal Year

The general consensus is that the state's economy will continue to recover in 2013-14 but sales tax growth may be more modest in the second half of the fiscal year than the first half.

Auto sales which have been up by double digits from years of pent-up demand are expected to plateau in another quarter or two with the pace of growth returning to more normal levels. With consumers taking on more debt to purchase new cars and homes, discretion-

ary spending on other items is expected to slow. Low inflation, price competition and a job recovery tilted toward low paying or part-time work will also keep the cost of taxable goods in check.

The six year boom in the state's technology sector appears to be slowing with companies shifting from buying their own hardware and software to renting computer power through cloud based services. Gas prices will continue to be impacted by refinery shutdowns, Middle East crises and oil speculators. However with today's new cars almost 20% more fuel efficient than those sold only six years ago, further tax gains from this segment are not anticipated.

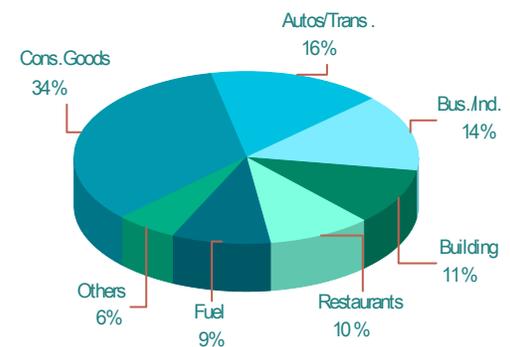
Continued recovery in construction activity is expected to generate a major share of sales tax growth in the second half of the fiscal year. With rising home and stock market values benefiting higher income families, luxury goods in all categories are also projected to show solid gains.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Yuba City This Quarter



YUBA CITY TOP 15 BUSINESS TYPES

Business Type	Yuba City		County	HdL State
	Q2 '13*	Change	Change	Change
Contractors	48.0	62.4%	74.8%	5.5%
Department Stores	93.2	-2.5%	-2.5%	0.2%
Discount Dept Stores	426.7	1.8%	1.8%	2.3%
Electronics/Appliance Stores	52.3	4.5%	4.8%	3.8%
Family Apparel	62.9	5.0%	5.3%	4.8%
Garden/Agricultural Supplies	121.9	27.3%	23.5%	14.7%
Grocery Stores Liquor	80.9	0.9%	0.9%	2.6%
Home Furnishings	46.0	-0.2%	-1.5%	6.8%
Lumber/Building Materials	191.0	-19.1%	-17.9%	-4.4%
New Motor Vehicle Dealers	266.7	22.7%	23.4%	11.1%
Restaurants Liquor	66.4	2.0%	0.7%	9.3%
Restaurants No Alcohol	137.8	3.1%	3.2%	5.9%
Service Stations	192.4	-29.5%	-9.8%	-5.7%
Specialty Stores	63.3	4.9%	-0.8%	5.2%
Warehse/Farm/Const. Equip.	120.1	25.2%	41.7%	8.9%
Total All Accounts	\$2,584.5	-0.3%	4.1%	7.0%
County & State Pool Allocation	278.7	8.0%		
Gross Receipts	\$2,863.1	0.5%		<i>*In thousands</i>