

Q3 2013



Yuba City Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2013)

Yuba City In Brief

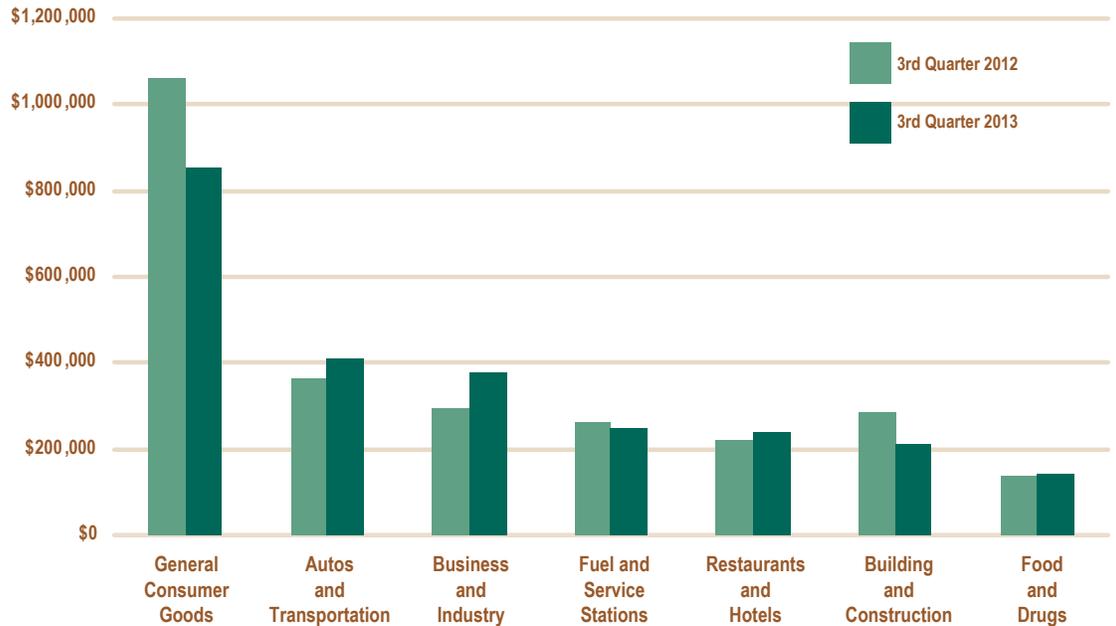
Receipts from Yuba City's July through September sales were 4.2% lower than the same quarter one year ago but reporting aberrations skewed the data. With anomalies removed, actual sales were up 4.7%.

A onetime state audit adjustment that temporarily inflated last year's allocation from general consumer goods was primarily responsible for the current decrease. Delayed allocations temporarily reduced building and construction receipts. Despite higher fuel sales, accounting adjustments that inflated year-ago returns exaggerated the drop in fuel and service stations group receipts.

The losses were partially offset by a strong sales quarter from the autos and transportation and business and industry groups. Additionally, all restaurant categories experienced improved sales. A larger allocation from the countywide use tax pool was also a factor.

Adjusted for reporting aberrations, sales and use tax receipts for all of Sutter County increased 7.8% from last year's comparable quarter while the Sacramento region as a whole, was up 5.8%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Arco	Ross
Bianchi Ag Services	Sams Club w/Gas
Calif Industrial Rubber	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
Marshalls	Wheeler Chevrolet
Orchard Machinery	Cadillac Mazda
Orchard Supply Hardware	Winco Foods
Quik Stop	Yuba City Toyota Scion

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$5,226,008	\$5,076,776
County Pool	470,673	514,306
State Pool	1,628	2,704
Gross Receipts	\$5,698,309	\$5,593,787
Less Triple Flip*	\$(1,424,577)	\$(1,398,447)

*Reimbursed from county compensation fund

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter was temporarily reduced by a state computer glitch that failed to fully fund receipts from sellers of building and construction supplies. Actual sales activity was up 5.8% over last year's comparable quarter after adjusting for this and other aberrations. Overall performance was generally similar throughout most regions of the state.

New and used auto sales and leases again grew at double digit rates and were the primary contributor to the quarter's statewide growth. With on-line sales remaining strong and more businesses reporting due to the state's new out-of-state reporting requirements, countywide pool allocations became the second largest portion of this quarter's overall increase. Recovering building and construction activity was also significant with a 9.7% gain after adjusting for the delayed allocations.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the third consecutive quarter.

Local Sales Tax Measures

Ten of twelve proposals for sales tax add-ons were approved in November as voters continued to support funding local services where they have more input and control.

New taxes were approved in Antioch, Corte Madera, Huron, Larkspur, San Anselmo and Scotts Valley. Existing add-ons were either increased or extended in El Monte, Rohnert Park, San Rafael and Stockton.

This brings the total number of city transactions and use tax districts to 135 and countywide districts to 44. Additional measures are expected to appear on local ballots in 2014.

Tax Rebates

Effective January 1, AB 562 (Williams) requires public notice and hearings on economic subsidies exceeding \$100,000. Identification of beneficiaries of the subsidy, the amounts, the beginning and ending dates and promised tax and job benefits are required as are periodic up-dates.

As on-line sales divert a greater portion of tax revenues from business and consumer purchases to centralized fulfillment centers, rebates of up to 85% are being bid in exchange for being the "point of sale" for the remainder. This bill encourages deeper evaluation of agreements that are collectively transferring an alarming share of statewide local sales tax to corporate bottom lines while cutting revenues for public services.

Holiday Sales Tax Shifts

Local tax receipts from fourth quarter sales will not be seen until March but may differ from previous years. Some forecasters predicted that on-line shopping would account for

up to 40% of holiday sales which would transfer that portion of the tax from stores to central fulfillment centers or county allocation pools. Final tax results from holiday spending will be pushed into June based on a National Retail Federation survey that showed 80% of shoppers gave at least one gift card. Tax is not charged until a gift card is redeemed.

SALES PER CAPITA



YUBA CITY TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Yuba City Q3 '13*	Yuba City Change	County Change	HdL State Change
Casual Dining	75.2	7.7%	4.7%	1.9%
Department Stores	92.8	0.8%	0.8%	1.8%
Discount Dept Stores	414.2	-33.6%	-33.6%	-8.2%
Electronics/Appliance Stores	52.8	3.4%	4.0%	4.2%
Family Apparel	65.2	2.9%	3.0%	5.6%
Garden/Agricultural Supplies	58.4	-2.2%	-8.4%	8.5%
Grocery Stores Liquor	78.0	1.1%	5.2%	-9.8%
Heavy Industrial	51.0	12.4%	79.7%	10.7%
Lumber/Building Materials	135.4	-35.2%	-33.6%	-15.8%
New Motor Vehicle Dealers	259.7	16.4%	16.1%	12.8%
Petroleum Prod/Equipment	56.7	16.0%	20.6%	-7.1%
Quick-Service Restaurants	132.9	3.6%	3.7%	4.1%
Service Stations	191.3	-9.3%	2.1%	-1.5%
Specialty Stores	56.0	3.2%	2.2%	7.7%
Warehse/Farm/Const. Equip.	156.7	74.3%	45.6%	13.2%
Total All Accounts	\$2,492.3	-5.4%	-2.0%	2.5%
County & State Pool Allocation	\$238.4	11.3%	15.3%	12.5%
Gross Receipts	\$2,730.6	-4.2%	-0.7%	3.5%