

Q3 2014



Yuba City Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2014)

Yuba City In Brief

Receipts for Yuba City's July through September sales were 10.7% above the same quarter one year ago. Excluding payment aberrations actual sales grew 7.7%.

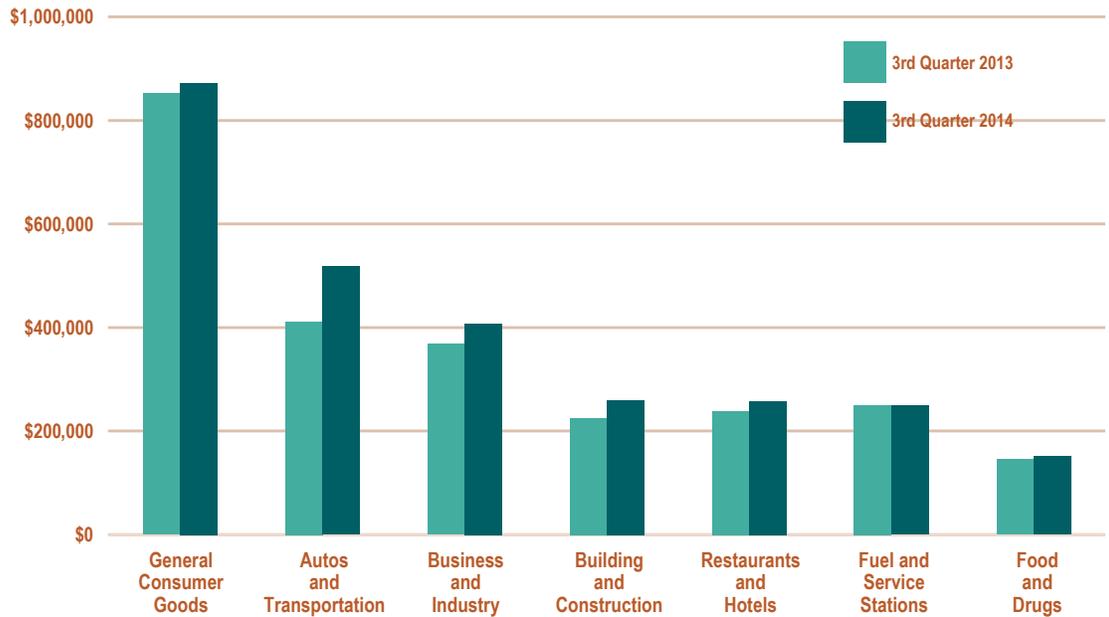
The autos and transportation group, helped by a new business addition, reported the strongest dollar increases. But the business and industry category and the quarterly allocation from the countywide use tax pool also showed very strong gains. Reporting aberrations inflated the comparisons for all but the autos segment.

Restaurants and hotels, general consumer goods and food and drug groups were also up but more in line with regional trends.

Receipts from fuel and service stations eased compared to a year ago but retroactive accounting adjustments temporarily lifted year-go receipts; net of accounting changes actual fuel sales were up. Conversely, a missing building and construction payment in the year-ago quarter, since received, revealed that actual sales for that category declined; business closeouts caused the decrease.

Adjusted for aberrations, taxable sales for all of Sutter County grew 7.3% over the comparable time period, while the Sacramento region as a whole was up 4.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco	Paperboard Packaging
Calif Industrial Rubber	Quik Stop
Dawson Oil	Ross
Dow Lewis Motors	Sams Club
Holt of California	Sears
Home Depot	Target
John L Sullivan Dodge Chrysler	Valley Truck & Tractor
Kohls	Walgreens
Larry Geweke Ford	Walmart
Lowes	Wheeler Chevrolet Cadillac Mazda
Marshalls	Winco Foods
Meeks Building Center	Yuba City Toyota Scion
Orchard Machinery	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$5,076,776	\$5,388,354
County Pool	514,306	545,171
State Pool	2,704	3,826
Gross Receipts	\$5,593,787	\$5,937,351
Less Triple Flip*	\$(1,398,447)	\$(1,484,338)

*Reimbursed from county compensation fund

California Overall

With payment aberrations removed, local sales tax revenues rose 5.5% over the comparable quarter of July through September 2013.

The largest gains were from the countywide use tax pools which have been boosted by the rising shift to online shopping and involve a larger portion of goods shipped from out-of-state. Rising sales from auto dealers and restaurants, high tech Silicon Valley business activities, and Southern California construction also contributed.

Among general consumer goods, discount department stores, value priced apparel, home goods, pet and personal care products outperformed other categories.

The Impact of Falling Gas Prices on Sales Tax

Fuel prices plunged to a 5 year low in December with predictions that expanded North American oil production, gains in fuel efficiency and a sluggish international economy will sustain lower gas prices through much of 2015.

Not all of the estimated \$50 to \$75 per month family savings will be spent on taxable goods. Part will be absorbed by rising costs of food and other non-taxable necessities and by the ongoing shift in buying habits from purchases of taxable goods to non-taxable services, cellphone fees and internet access.

Among the various economic segments that make up each agency's sales tax base, grocers, drug stores and restaurants should benefit most. Extra disposable income translates into more travel, dining out and impulse purchases of taxable items while shopping for food and necessities.

Despite intensive price competition, tax gains from general con-

sumer goods can also be expected although accelerating online shopping will shift much of the growth to the countywide allocation pools rather than brick and mortar stores.

Agencies with auto dealerships are also benefiting as lower fuel prices and increased fuel efficiency have buyers choosing more costly SUVs and accessories. Gains in home improvement purchases are anticipated although the tax will be distributed via countywide pools if the sale includes onsite installation.

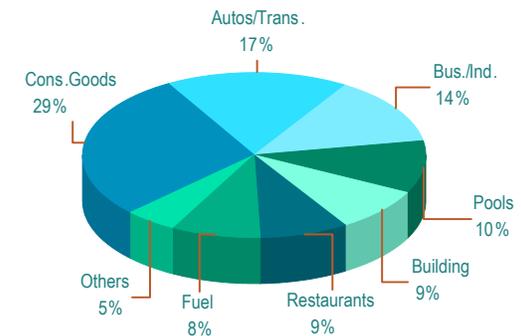
The major losing tax segment will be in fuel/service stations. The losses will be partially offset by increased travel/fuel consumption and by added costs associated with new green emission requirements that went into effect January 1. Even so, substantial declines from service stations, truck stops, bulk and jet fuel operators and petroleum industry suppliers should be anticipated. In the business/industry segment, tax from capital investment in new alternative energy and oil production projects is likely to slow.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Yuba City This Quarter



YUBA CITY TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Yuba City Q3 '14*	Yuba City Change	County Change	HdL State Change
Casual Dining	89.5	9.8%	8.1%	6.1%
Department Stores	— CONFIDENTIAL —		1.7%	0.8%
Discount Dept Stores	415.5	0.3%	0.3%	2.5%
Electronics/Appliance Stores	56.8	7.6%	7.1%	2.5%
Family Apparel	65.3	0.0%	0.0%	5.9%
Garden/Agricultural Supplies	59.5	1.9%	9.1%	3.2%
Grocery Stores Liquor	81.8	4.8%	8.8%	8.6%
Heavy Industrial	79.5	60.8%	10.6%	10.1%
Light Industrial/Printers	65.0	158.2%	147.7%	5.4%
Lumber/Building Materials	193.0	42.6%	41.4%	4.6%
New Motor Vehicle Dealers	353.8	36.3%	32.5%	8.0%
Quick-Service Restaurants	144.2	11.0%	11.0%	8.4%
Service Stations	202.7	5.9%	-2.6%	1.2%
Specialty Stores	62.4	10.8%	8.6%	5.9%
Warehse/Farm/Const. Equip.	125.4	-20.4%	-13.0%	6.6%
Total All Accounts	\$2,715.6	9.0%	7.9%	5.5%
County & State Pool Allocation	\$307.3	28.9%	27.7%	10.2%
Gross Receipts	\$3,022.9	10.7%	9.6%	6.1%