

# Q4 2014



# Yuba City Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2014)

## Yuba City In Brief

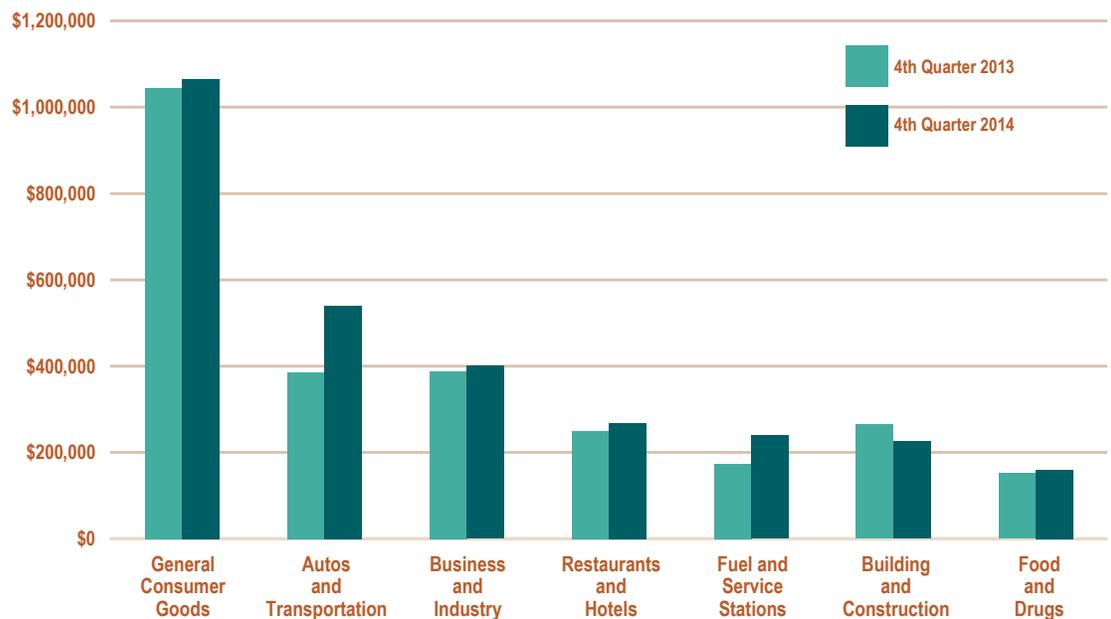
Receipts for Yuba City's October through December sales were 7.4% higher than the same quarter one year ago. Actual sales activity was up 6.2% when reporting aberrations were factored out.

Strong returns from new auto dealers, enhanced by the addition of a vendor and low interest rates on long term financing options, accounted for 71% of the overall gain. Improved holiday season shopping lifted many categories of general consumer goods including family apparel, home furnishings and electronics. Continued consumer interest in dining out led to solid results from restaurants, consistent with regional and statewide trends.

Positive onetime payment anomalies boosted receipts from service stations, heavy industrial and garden-agricultural suppliers. Accounting adjustments, which spiked prior year revenue, temporarily masked a true 21% gain from lumber-building material merchants.

Adjusted for aberrations, taxable sales for all of Sutter County increased 4.5% over the comparable time period, while the Sacramento region as a whole was up 2.9%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco	Orchard Machinery
Dawson Oil	Quik Stop
Dow Lewis Motors	Ross
Holt of California	Sams Club
Home Depot	Sears
HR Beeler Tractor Equipment	Target
JC Penney	Valley Truck & Tractor
John L Sullivan Dodge Chrysler	Walgreens
Kohls	Walmart
Larry Geweke Ford	Wheeler Chevrolet Cadillac Mazda
Lowe's	Winco Foods
N & S Tractor	Yuba City Toyota Scion
Nissan of Yuba City	

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$7,733,737	\$8,285,600
County Pool	808,337	816,508
State Pool	4,520	6,904
<b>Gross Receipts</b>	<b>\$8,546,593</b>	<b>\$9,109,012</b>
Less Triple Flip*	\$(2,136,648)	\$(2,277,253)

\*Reimbursed from county compensation fund

**Holiday Quarter Up**

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter (October – December) of 2014 were 3.6% higher than last year's holiday quarter.

The gain was primarily due to continued strong demand for new cars and trucks, increased restaurant patronage and a rise in the countywide "use tax" allocation pools resulting from a shift to online shopping where much of the merchandise is shipped from out of state. General consumer goods sales allocated via the pools rose 22% during this holiday quarter versus an increase in tax receipts from brick and mortar stores of only 2.8%.

Robust sales for building and construction materials added to the overall increase which was largely offset by significant declines in revenues from petroleum related industries and service stations.

**Gasoline Supply and Demand**

Statewide, fourth quarter's tax receipts from fuel and service stations dropped 10.4% from the previous year. Prices rebounded in the first quarter of 2015 due to refinery shutdowns and labor strife but remained well below the prior year due to a worldwide supply glut and weak demand.

Spending cuts by oil producers and a sharp decline in the number of rigs drilling for crude in the U.S. could reduce output and place upward pressure on prices in the second half of 2015. However, improved fuel efficiency and demographic changes continue to reduce demand for gasoline, with consumption at the lowest it has been in 30 years.

From 2008 through 2014 Californians purchased just over 10 million new vehicles, with mileage ratings almost 22% higher than those they replaced. Also, usage has further declined as baby boomers age into retirement and millennials increasingly favor public transportation and car services that make owning a vehicle less necessary.

**Triple Flip Unwind**

In March 2004, California voters approved Proposition 57, the California Economic Recovery Bond Act that authorized the issuance of \$15 billion in "Economic Recovery Bonds" to close the state's operating budget deficit.

The Bradley-Burns local sales tax rate was decreased from 1 percent to 0.75 percent and the diverted 0.25 percent rate was pledged to repay the bonds. The state then directed that counties reimburse local governments for the 0.25 percent loss with property tax from the Educational Revenue Augmentation Fund (ERAF) set up for schools and then reimburse schools for the ERAF loss from the State General Fund. The funding scheme became known as the "Triple Flip."

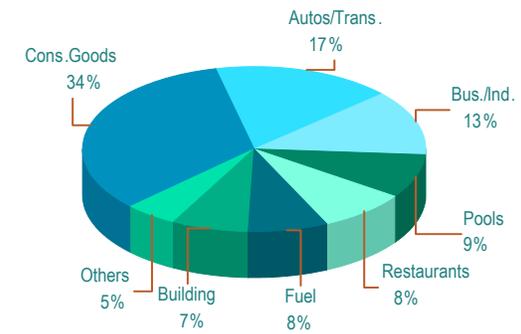
The governor's FY 2014-15 state budget currently provides for retiring the bonds as early as July 2015. If carried out as planned, local agencies would receive their final "true-ups" of triple flip reimbursements in the first half of 2016 and the full one cent Bradley-Burns tax reinstated in their second quarter 2016 receipts.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

Yuba City This Quarter



**YUBA CITY TOP 15 BUSINESS TYPES**

Business Type	*In thousands			
	Yuba City Q4 '14*	Yuba City Change	County Change	HdL State Change
Casual Dining	91.1	7.7%	6.3%	6.1%
Department Stores	— CONFIDENTIAL —		3.4%	1.0%
Discount Dept Stores	490.3	-0.9%	-0.9%	0.9%
Electronics/Appliance Stores	66.9	5.7%	5.2%	1.3%
Family Apparel	82.3	1.5%	1.8%	5.1%
Garden/Agricultural Supplies	50.7	10.9%	16.3%	5.8%
Grocery Stores Liquor	86.0	3.9%	10.1%	3.5%
Heavy Industrial	74.0	22.0%	26.0%	14.6%
Home Furnishings	58.5	14.4%	15.7%	6.8%
Lumber/Building Materials	171.7	-17.6%	-17.3%	-0.7%
New Motor Vehicle Dealers	376.2	54.2%	52.0%	7.6%
Quick-Service Restaurants	150.8	8.3%	8.7%	7.5%
Service Stations	199.5	58.4%	25.5%	-10.5%
Specialty Stores	84.8	3.1%	1.6%	5.8%
Warehse/Farm/Const. Equip.	163.0	-15.1%	-16.9%	3.8%
<b>Total All Accounts</b>	<b>\$2,897.2</b>	<b>9.0%</b>	<b>8.5%</b>	<b>3.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$274.4</b>	<b>-7.2%</b>	<b>-7.7%</b>	<b>4.7%</b>
<b>Gross Receipts</b>	<b>\$3,171.7</b>	<b>7.4%</b>	<b>6.9%</b>	<b>3.9%</b>