

# Q4 2015



# Yuba City Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (October - December 2015)

## Yuba City In Brief

Yuba City's receipts from October through December were 4.9% above the fourth sales period in 2014.

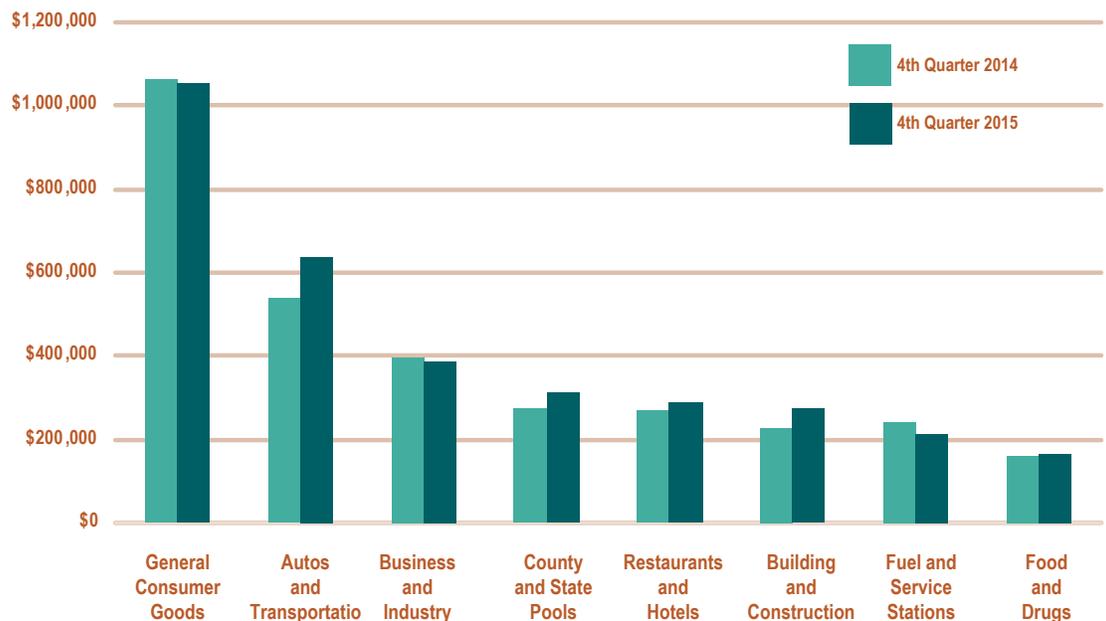
The City continues to experience solid growth from new auto dealers, supported by strong demand for light and heavy duty trucks and low interest rate financing options for consumers. A stable housing market and the addition of a new supplier contributed to building and construction growth.

Steady interest in local casual and quick-service eateries coupled with new dining choices lifted restaurants, while improved sales activity by farm-construction equipment vendors and garden-agricultural suppliers drove business and industry positive results.

Weak global demand for crude oil was responsible for lower retail gas prices and therefore decreased receipts from fuel providers. The closeout of a retailer negatively impacted holiday season returns from general consumer goods.

Net of aberrations, taxable sales for all of Sutter County grew 4.0% over the comparable time period; the Sacramento region was up 6.3%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

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

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$8,285,600	\$8,823,383
County Pool	816,508	953,146
State Pool	6,904	9,584
Gross Receipts	\$9,109,012	\$9,786,113
Less Triple Flip*	\$(2,277,253)	\$(2,446,528)

\*Reimbursed from county compensation fund

**California Overall**

Excluding accounting aberrations, local sales and use tax receipts from the fourth quarter of 2015 ended 2.6% above 2014's holiday quarter.

Solid returns for autos, RVs, building materials and most categories of restaurants were the primary contributors to the statewide increase. The growth in online shopping for merchandise shipped from out-of-state continued to raise countywide use tax allocation pool revenues.

The gains were largely offset by a 13.2% drop in tax receipts from service stations and other fuel-related expenditures. Except for value price clothing and shoes, most categories of general consumer goods were flat or down, reflecting heavy price discounting to reduce excess holiday inventories and the impact of the strong dollar on international tourist spending.

With some exceptions, particularly in the areas of computers and agricultural chemicals, overall receipts from business and industrial expenditures were also down primarily due to cutbacks in capital spending by energy producers and manufacturers of exported goods, equipment and raw materials.

Intense competition and price pressures resulted in only modest gains in receipts from grocers and pharmacists with the largest increase in this group coming from liquor stores and marijuana dispensaries.

HdL's most recent economic consensus forecast anticipates similar modest gains through 2016 with an eventual peak in auto sales replaced by strong sales of building and construction materials for home improvement and new housing. A recovery in tax receipts from fuel is not expected until the end of the year.

**The Triple Flip Is Over!**

Beginning with taxes collected in January and forward, local governments will again receive their full share of Bradley-Burns sales and use tax reve-

nues thus ending an eleven-year program known as the Triple Flip.

The program began in 2004 when voters approved a \$15 billion bond issue to cover operating deficits resulting from a combination of that year's economic downturn plus failure to offset the loss of revenue from the Governor's popular reduction in the 65-year-old, 2% Motor Vehicle In-Lieu Tax.

The State retained 25% of local sales tax to guarantee the bonds, reimbursed local governments from monies meant for schools and replaced the money taken from schools with state general funds thus creating what became known as the Triple Flip. The financing scheme resulted in interest payments totaling \$4.8 billion, plus another \$200 million in administrative fees while creating new budget challenges for local governments.

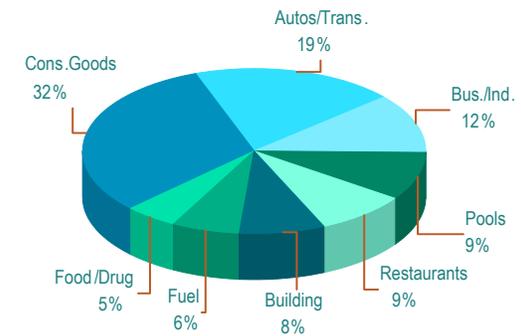
It also resulted in voter passage of constitutional amendment Proposition 1A that bars state tampering with local sales and use tax revenues in the future.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

Yuba City This Quarter



**YUBA CITY TOP 15 BUSINESS TYPES**

Business Type	<i>*In thousands of dollars</i>			
	Yuba City Q4 '15*	Yuba City Change	County Change	HdL State Change
Automotive Supply Stores	48.5	3.3%	-14.5%	5.2%
Casual Dining	104.3	0.6%	0.5%	5.8%
Department Stores	125.2	1.2%	1.1%	-0.5%
Discount Dept Stores	— CONFIDENTIAL —		-4.1%	3.0%
Electronics/Appliance Stores	72.1	7.8%	7.7%	0.8%
Family Apparel	94.1	14.4%	14.3%	4.1%
Garden/Agricultural Supplies	81.7	30.4%	16.6%	16.1%
Grocery Stores Liquor	85.7	-0.3%	-5.2%	0.6%
Heavy Industrial	42.6	-33.9%	-28.2%	-5.2%
Lumber/Building Materials	188.0	9.5%	9.3%	10.0%
New Motor Vehicle Dealers	457.9	21.7%	22.2%	7.9%
Quick-Service Restaurants	158.2	4.9%	4.7%	8.0%
Service Stations	172.3	-13.6%	-21.1%	-10.5%
Specialty Stores	87.1	2.6%	0.3%	4.4%
Warehouse/Farm/Const. Equip.	192.1	19.4%	22.4%	1.6%
<b>Total All Accounts</b>	<b>3,013.8</b>	<b>4.0%</b>	<b>2.7%</b>	<b>2.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>313.1</b>	<b>14.1%</b>	<b>12.7%</b>	<b>10.8%</b>
<b>Gross Receipts</b>	<b>3,326.9</b>	<b>4.9%</b>	<b>3.6%</b>	<b>3.5%</b>