

Q1 2015



Yuba City Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2015)

Yuba City In Brief

Receipts for Yuba City's January through March sales were 9.9% higher than the same quarter one year ago. Actual sales activity was up 13.6% when reporting aberrations were factored out.

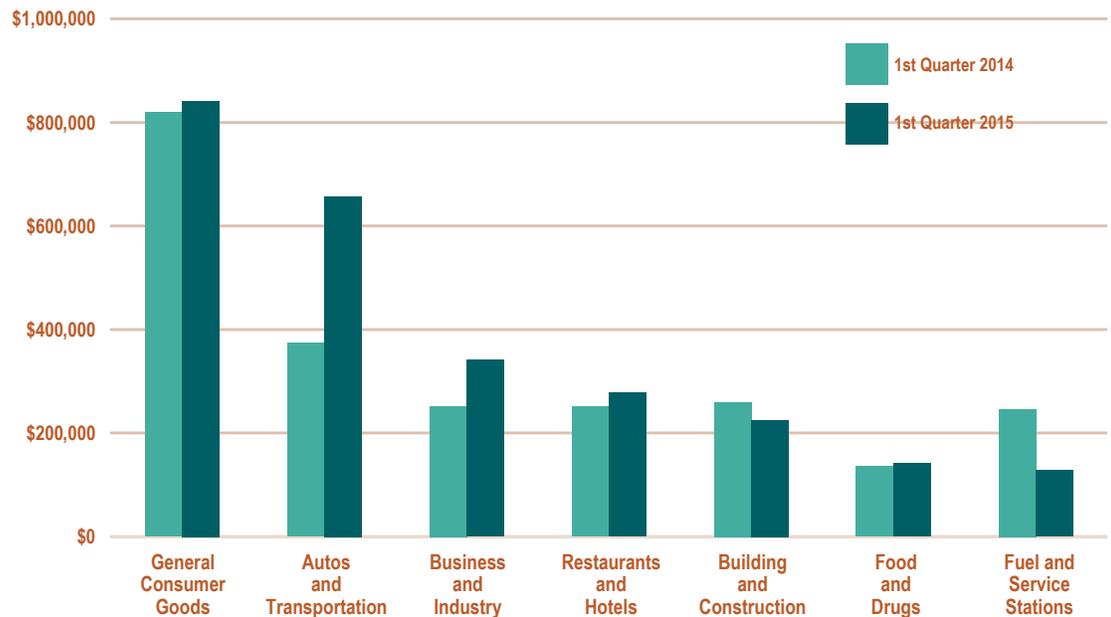
Continued strong sales from recent additions and existing new car dealerships buoyed autos and transportation returns. Brisk sales from the business to business sector warehouse-farm-construction equipment drove overall business and industry revenues.

General consumer goods experienced mixed results with a slight net gain in receipts. A new eatery opening and net higher sales boosted all restaurant categories.

The gains were partially offset by continued declining fuel prices which negatively impacted fuel and service station receipts. Negative accounting adjustments depressed building and construction results.

Adjusted for aberrations, taxable sales for all of Sutter County increased 13.2% over the comparable time period, while the Sacramento region as a whole was up 6.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco	Sams Club w/ Gas
Dawson Oil	Sears
Dow Lewis Motors	Sunrise Modern Classic Motors
Holt of California	Target
Home Depot	Tractor Supply
HR Beeler Tractor Equipment	United Agri Products
John L Sullivan Dodge Chrysler	Valley Truck & Tractor
Kohls	Walgreens
Larry Geweke Ford	Walmart
Lowes	Wheeler Chevrolet Cadillac Mazda
Marshalls	Winco Foods
Nissan of Yuba City	Yuba City Toyota
Ross	Yuba City Scion

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$10,072,697	\$10,900,078
County Pool	1,094,867	1,089,526
State Pool	6,703	6,955
Gross Receipts	\$11,174,267	\$11,996,560
Less Triple Flip*	\$(2,793,567)	\$(2,999,140)

*Reimbursed from county compensation fund

California as a Whole

Local one cent tax receipts from sales occurring January through March rose 3.65% over 2014's comparable quarter after adjusting for reporting anomalies.

An exceptionally strong quarter for auto sales/leases and restaurants was the primary contributor to the overall increase. A rise in building-construction materials was also a factor although much of this growth came from specific office and sports facility projects in Northern California.

Gains from sales of general consumer goods were primarily in value priced clothing, home furnishings and specialty retail which includes pet supplies and cosmetics. Online shopping involving goods shipped from out of state continues to shift a major portion of the growth in general consumer goods to the countywide pools.

The statewide gains were largely offset by a 21% decline in receipts from fuel and service stations.

Tax on Services

The Board of Equalization has released an estimate that levying sales and use tax on services would raise over \$122.5 billion in state and local revenues or enough to lower the overall tax rate to under 4%.

Originally imposed in 1933 as a 2 1/2% tax with only three exemptions, the legislature has gradually exempted more and more goods from the sales tax while raising rates to compensate for the corresponding revenue loss. This and the state's shift from a manufacturing to service economy has created the nation's highest sales tax rate on the narrowest basket of goods.

Although more discussion is needed, there is interest in expanding the sales tax to services and lowering the rate to make the tax less regressive and

more competitive while providing greater flexibility in the development of local tax bases.

Tax on Jet Fuel

The Federal Aviation Administration has ruled that sales taxes on jet fuel must only be used for airport and aviation programs. The rule applies to taxes levied after 1987 but is unclear as to transactions tax districts, Proposition 172 revenues, or revenues collected by jurisdictions without airports. Clarification will not be available until FAA review and approval of a plan that has to be submitted by the state Department of Finance by December 8, 2015.

Tax on Marijuana

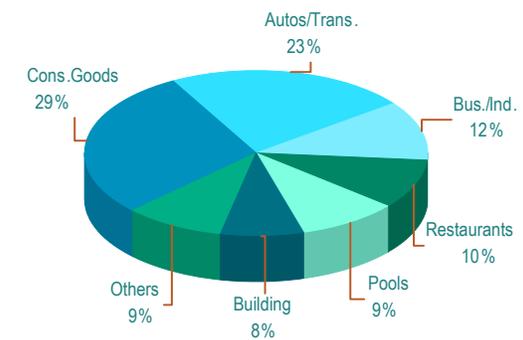
A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE findings are expected by November 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Yuba City This Quarter



YUBA CITY TOP 15 BUSINESS TYPES

Business Type	Yuba City		County	HdL State
	Q1 '15*	Change	Change	Change
Automotive Supply Stores	50.6	13.9%	9.8%	5.3%
Casual Dining	103.2	5.6%	4.6%	6.1%
Department Stores	— CONFIDENTIAL —	—	6.0%	2.0%
Discount Dept Stores	— CONFIDENTIAL —	—	-0.4%	4.2%
Electronics/Appliance Stores	55.1	-6.1%	-4.9%	-1.0%
Family Apparel	63.7	9.0%	9.0%	9.6%
Garden/Agricultural Supplies	64.5	12.4%	9.4%	17.4%
Grocery Stores Liquor	73.8	-1.0%	2.4%	5.0%
Home Furnishings	53.2	2.7%	4.2%	8.4%
Lumber/Building Materials	185.3	-12.7%	-11.9%	-3.1%
New Motor Vehicle Dealers	492.0	114.9%	111.1%	11.1%
Quick-Service Restaurants	146.7	8.1%	8.1%	10.5%
Service Stations	101.3	-50.5%	-46.9%	-21.9%
Specialty Stores	58.9	0.8%	4.3%	9.2%
Warehse/Farm/Const. Equip.	108.2	71.7%	48.7%	21.9%
Total All Accounts	\$2,614.5	11.8%	10.7%	3.6%
County & State Pool Allocation	\$273.1	-5.4%	-6.3%	1.1%
Gross Receipts	\$2,887.5	9.9%	8.9%	3.3%