

Q2 2015



Yuba City Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (April - June 2015)

Yuba City In Brief

Yuba City's receipts from April through June were 13.1% above 2014's second quarter. Excluding reporting aberrations, actual sales were up 9.3%.

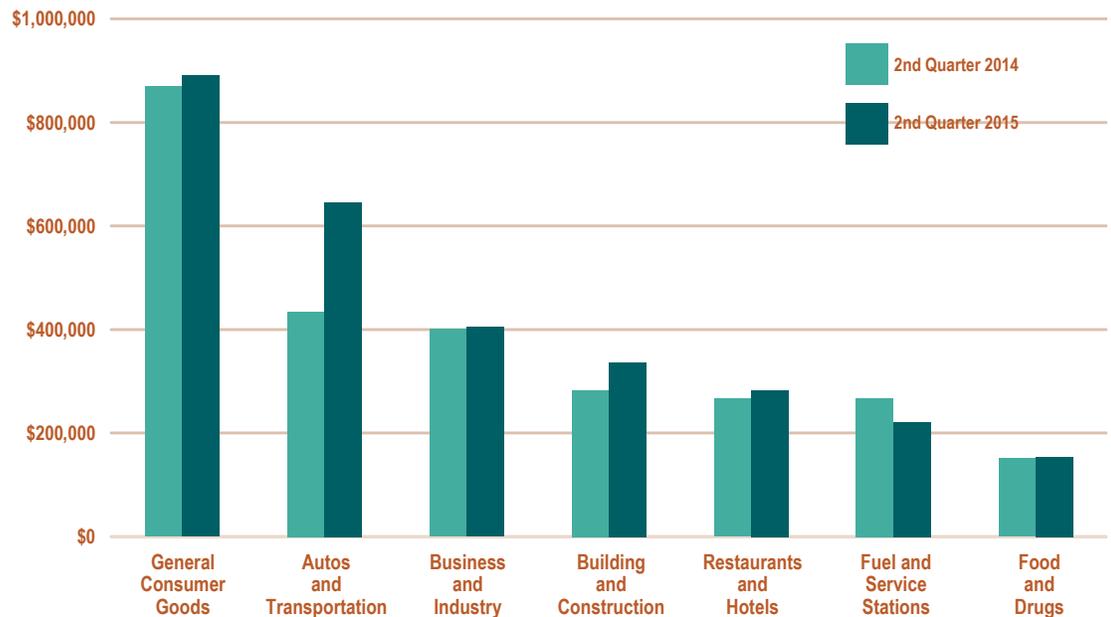
Much of the increase was due to exceptional results from the autos and transportation group but net of onetime reporting aberrations, actual gains were roughly half what the raw data showed. The building and construction comparison also reflected a sharp increase, but retro-active accounting adjustments that brought forward receipts from sales in prior periods inflated results.

General consumer and restaurant proceeds were also up while the business and industry comparison appeared to be flat; but actual business and industry sales activity was solidly up once accounting adjustments were removed. The city's allocation of use tax from the county-wide use tax pool was unusually robust; this was partly due to onetime payments.

Lower prices at the pump cut receipts from the fuel and service station category.

Net of aberrations, taxable sales for all of Sutter County grew 7.3% over the comparable time period; the Sacramento region was up 4.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco	Sears
Dawson Oil	Target
Dow Lewis Motors	Tractor Supply
Evans Furniture	United Agri Products
Holt of California	Valley Pump & Motors Works
Home Depot	Valley Truck & Tractor
John L Sullivan Dodge Chrysler	Walmart
Kohls	Wheeler Chevrolet Cadillac Mazda
Larry Geweke Ford	Wilbur Ellis
Lowe's	Winco Foods
Nissan of Yuba City	Yuba City Toyota Scion
Quik Stop	
Ross	
Sams Club	

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$2,672,745	\$2,935,135
County Pool	239,741	357,751
State Pool	1,979	2,453
Gross Receipts	\$2,914,465	\$3,295,338
Less Triple Flip*	\$(728,616)	\$(823,835)

*Reimbursed from county compensation fund

NOTES

Statewide Sales Tax Trends

Excluding accounting aberrations, the local one cent share of statewide sales occurring April through June was 3.4% higher than the comparable quarter of 2014.

Receipts from the countywide use tax allocation pools accounted for the largest portion of the increase reflecting a continuing shift in consumer preferences from brick and mortar stores to online shopping for merchandise shipped from out of state.

Sales and leases of new cars continued to post impressive gains as did contractor supplies and restaurants. Overall gains were offset by a 17.1% decline in receipts from service stations and petroleum related industries.

The Remaining Fiscal Year

The state's unemployment rate continues to decline and real disposable income is expected to grow 2.5% to 3.0% in the second half of 2015. This improvement in incomes coupled with easy credit conditions should stimulate an increase in housing starts as well as capital investment in equipment, alternate energy and technology.

The auto industry is anticipating continuing strong sales until tapering to more sustainable levels in 2016-2017. Building and construction, the only retail segment yet to return to pre-recession levels, is gaining momentum in several regions and is expected to account for 10% of sales tax growth in the second half of the fiscal year.

Restaurant sales continue to rise although there are some concerns that the strong dollar may impact sales in areas that cater to tourists from abroad. Gains from consumer goods are expected to be modest with the strong dollar cutting prices of imported goods and an ongoing shift in consumer spending from tangible goods to services, entertainment and other non-taxable purchases.

Gasoline prices remain well below the previous year due to a worldwide glut

of oil. Barring unexpected supply or refinery disruptions, prices are expected to trend lower through the first half of 2015-16 but begin rebounding in the second half.

Internet Sales Tax Proposal

HR 2775 (The Remote Transaction Parity Act) is a new proposal by Representative Jason Chaffetz (R-Utah) authorizing states to require remote sellers without physical presence in their state to collect state and local sales tax from in-state buyers.

The bill currently has 52 sponsors and attempts to address objections to elements of the Marketplace Fairness Act that preceded it. The proposal provides for a three year phase in for small businesses, prohibits auditing remote sellers with annual sales under \$5 million, and requires states to provide software to enable remote sellers to collect and remit their tax.

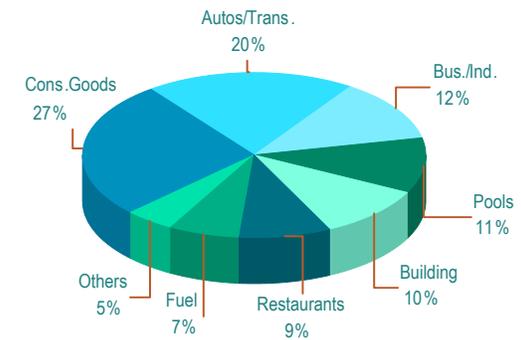
The Board of Equalization estimates that local governments in California currently lose approximately \$44 per capita in uncollected sales and use tax on e-commerce purchases.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Yuba City This Quarter



YUBA CITY TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Yuba City Q2 '15*	Yuba City Change	County Change	HdL State Change
Automotive Supply Stores	56.9	20.1%	20.7%	5.5%
Casual Dining	108.5	12.5%	10.9%	6.5%
Department Stores	— CONFIDENTIAL —	—	1.8%	-2.1%
Discount Dept Stores	— CONFIDENTIAL —	—	-4.5%	0.0%
Electronics/Appliance Stores	53.6	-4.8%	-4.9%	-1.6%
Family Apparel	67.3	7.4%	7.3%	2.9%
Garden/Agricultural Supplies	142.9	20.2%	13.3%	7.7%
Grocery Stores Liquor	76.7	-2.3%	0.5%	3.4%
Home Furnishings	62.4	32.7%	34.2%	7.4%
Lumber/Building Materials	229.0	7.3%	6.2%	4.5%
New Motor Vehicle Dealers	446.7	71.0%	69.2%	9.3%
Quick-Service Restaurants	152.3	1.1%	1.1%	9.1%
Service Stations	182.6	-13.4%	-20.0%	-11.7%
Specialty Stores	70.9	15.3%	14.4%	5.4%
Warehse/Farm/Const. Equip.	116.0	8.2%	7.6%	2.3%
Total All Accounts	2,935.1	9.8%	6.5%	2.8%
County & State Pool Allocation	360.2	49.0%	44.5%	11.8%
Gross Receipts	3,295.3	13.1%	9.6%	3.8%