

Q3 2015



Yuba City Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2015)

Yuba City In Brief

Yuba City's receipts from July through September were 4.7% above the third sales period in 2014.

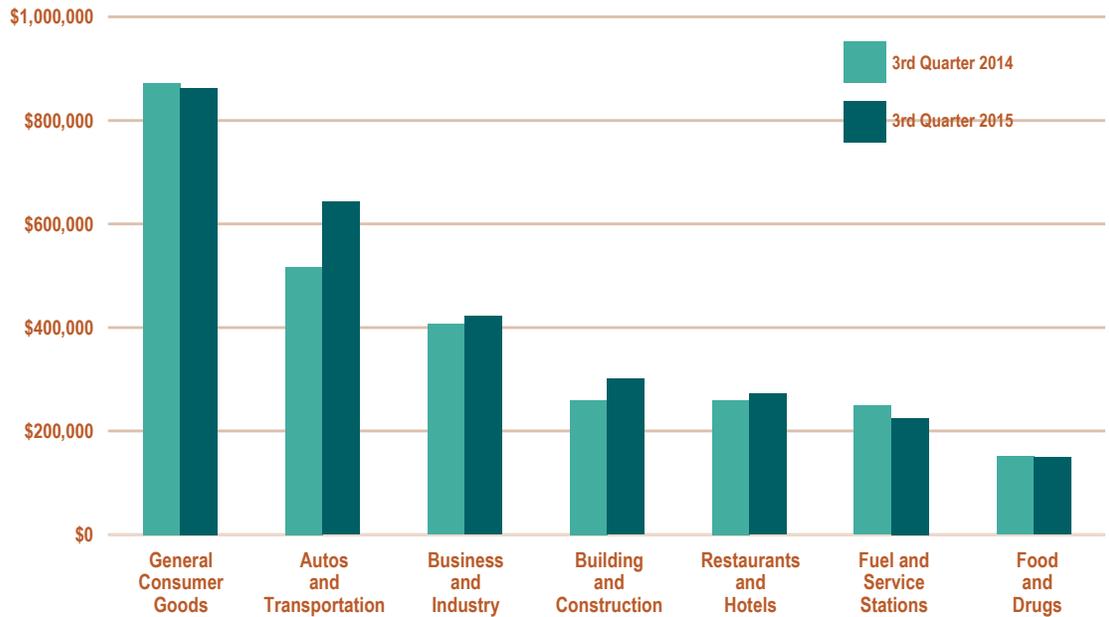
The addition of a new car dealer and improved sales of light and heavy duty trucks/SUVs boosted autos and transportation and accounted for 89% of the overall gains. Solid returns from lumber- building material suppliers and other construction merchants were consistent with expected seasonal results and supported by the strong housing market.

Increased summer sales of garden-agricultural supplies and warehouse-farm equipment were largely responsible for the growth in business and industry, while continued consumer interest in dining out led to higher receipts from restaurants.

Abundant global supply of crude oil continued to weaken gas prices and further depress revenue from fuel and service station merchants. Though general consumer goods experienced mixed results, the closeout of a large retailer and temporary payment deviations negatively impacted group returns.

Net of aberrations, taxable sales for all of Sutter County grew 2.9% over the comparable time period; the Sacramento region was up 5.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco	Quik Stop
Calif Industrial Rubber	Ross
Dawson Oil	Sams Club w/ Gas
Dow Lewis Motors	Sears
Holt	Sunrise Modern Classic Motors
Home Depot	Target
John L Sullivan Dodge Chrysler	Trees
Kohls	Valley Truck & Tractor
Larry Geweke Ford	Walmart
Lowes	Wheeler Chevrolet Cadillac Mazda
Marshalls	Winco Foods
Nissan of Yuba City	Yuba City Toyota
Orchard Machinery	Yuba City Scion

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$5,388,354	\$5,809,588
County Pool	545,171	646,621
State Pool	3,826	2,978
Gross Receipts	\$5,937,351	\$6,459,187
Less Triple Flip*	\$(1,484,338)	\$(1,614,797)

*Reimbursed from county compensation fund

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter were up 2.4% over last year's comparable quarter after adjusting for payment aberrations.

New and used auto sales and leases continued to exhibit solid gains and were the primary contributor to the quarter's statewide growth. The countywide allocation pools were the second largest contributors to the overall gain, boosted by increased online sales activity. The state's travel and tourism industry contributed to a robust increase in receipts from restaurants and hotels. Recovering building and construction activity was also significant with an 8.6% increase over the comparison period.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the fourth consecutive quarter.

Overall performance was similar throughout most regions of the state, however the effect of lower fuel prices significantly dampened results in portions of the San Joaquin Valley.

Online Retail Sales Continue to Outpace Brick & Mortar Stores

Fourth quarter tax results will not be available until March but preliminary reports indicate holiday purchases from some brick and mortar stores are flat or down from 2014, while the volume of online shopping has set new records.

Although stores are not in danger of disappearing, the trend has many retail chains considering long-term plans for smaller "showroom" units with less square footage, employees, and in-store inventory.

HdL's statewide sales tax database for the first three quarters of 2015 shows that online orders for general consumer goods rose 17.6% over the first three quarters of 2014, while the overall sales gains at brick and mortar stores grew a modest 2.2%.

New Restrictions on Tax Sharing Agreements

Tax rebates are subject to additional restrictions and reporting requirements in 2016.

Newly adopted Government Code Section 53084.5 prohibits tax sharing agreements that reduce another agency's sales tax if the business generating the tax continues to maintain a physical presence in the losing agency's jurisdiction.

The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

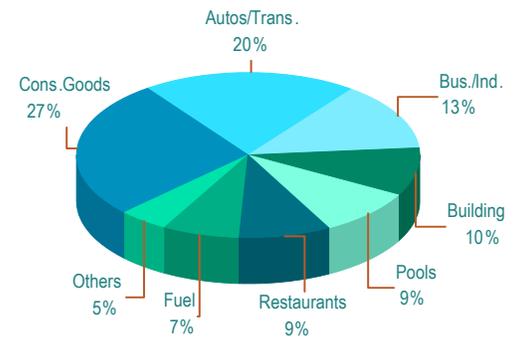
The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial statements with periods beginning after December 15, 2015.

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 Q3 '15*	Yuba City Change	County Change	HdL State Change
Automotive Supply Stores	48.2	-6.0%	3.5%	5.9%
Casual Dining	104.8	5.4%	4.7%	5.4%
Department Stores	92.6	-0.9%	-0.9%	-0.6%
Discount Dept Stores	— CONFIDENTIAL —		-3.1%	2.1%
Electronics/Appliance Stores	55.2	-2.9%	-3.1%	3.8%
Family Apparel	69.5	6.4%	6.5%	2.3%
Garden/Agricultural Supplies	85.7	22.3%	11.5%	2.7%
Grocery Stores Liquor	74.8	-8.6%	-7.4%	3.8%
Heavy Industrial	74.7	2.9%	10.6%	6.2%
Lumber/Building Materials	207.1	7.3%	5.7%	6.7%
New Motor Vehicle Dealers	466.9	32.0%	33.0%	8.2%
Quick-Service Restaurants	154.9	7.4%	7.2%	6.8%
Service Stations	176.6	-12.9%	-26.8%	-11.8%
Specialty Stores	66.6	6.6%	4.6%	5.8%
Warehse/Farm/Const. Equip.	139.7	14.5%	23.8%	6.1%
Total All Accounts	2,874.5	5.8%	3.2%	2.3%
County & State Pool Allocation	289.4	-5.8%	-8.2%	3.5%
Gross Receipts	3,163.8	4.7%	2.0%	2.4%