

Q1 2016



Yuba City Sales Tax Update

Second Quarter Receipts for First Quarter Sales (January - March 2016)

Yuba City In Brief

Yuba City's receipts from January through March were 1.6% above the first sales period in 2015. Excluding reporting aberrations, actual sales were up 3.6%.

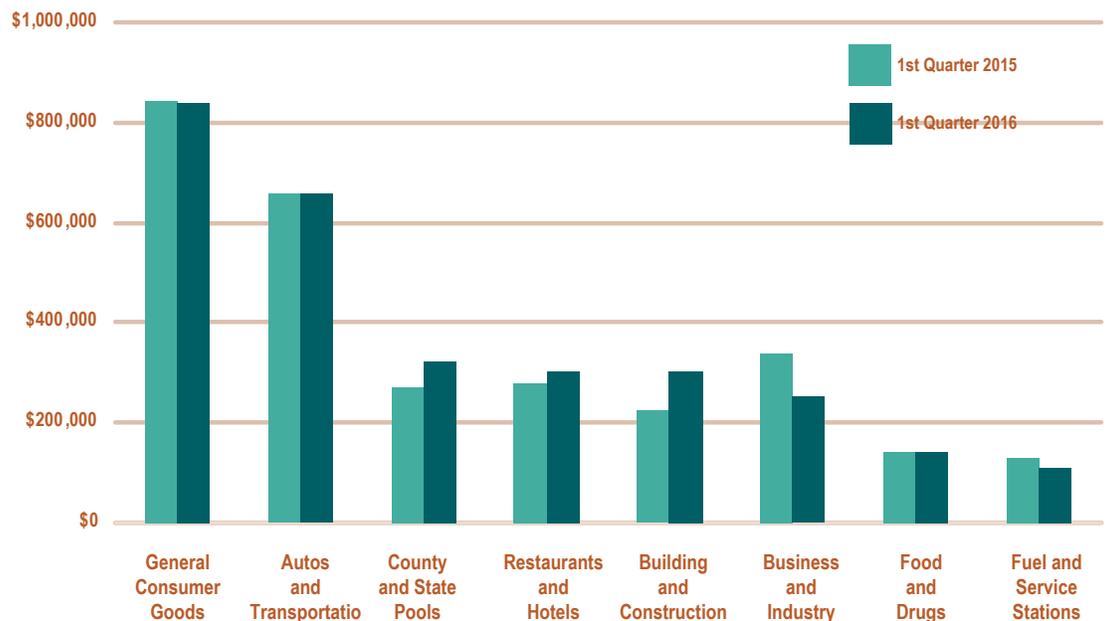
Onetime payments temporarily increased revenues from contractors. A new business addition helped boost overall revenues for building and construction. The City experienced a strong sales quarter for both casual dining and quick-service restaurants while used auto dealers showed solid gains.

The City experienced a decline in sales from warehouse, farm and construction equipment. Lower fuel prices were responsible for the drop in service stations.

The City's share of the countywide use tax pool increased 18.7% over the comparison period.

Net of aberrations, taxable sales for all of Sutter County were flat over the comparable time period; the Sacramento region was up 4.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco	Sunrise Modern Classic Motors
Dow Lewis Motors	Target
Home Depot	Tractor Supply
HR Beeler Tractor Equipment	United Agri Products
John L Sullivan Dodge Chrysler	Valley Truck & Tractor
Kohls	Verizon Wireless
Larry Geweke Ford	Walgreens
Lowe's	Walmart Supercenter
Marshalls	Wheeler Chevrolet Cadillac Mazda
Nissan of Yuba City	Winco Foods
Ross	Yuba City Toyota
Sams Club w/ Gas	Yuba City Scion
Sears	
Siemens Building Technologies	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$10,900,078	\$11,434,769
County Pool	1,089,526	1,277,224
State Pool	6,955	7,922
Gross Receipts	\$11,996,560	\$12,719,915
Less Triple Flip*	\$(2,999,140)	\$(2,446,528)

*Reimbursed from county compensation fund

California Overall

The local one-cent share of the statewide sales and use tax was 3.1% higher than the year-ago quarter after excluding payment aberrations.

Gains in the countywide use tax pools were the largest contributor to the increase due to the growing impact of online purchases from out-of-state sellers and the corresponding shift of tax revenues from brick and mortar retail stores to fulfillment centers that process orders online. Not surprisingly, areas with concentrations of young, affluent buyers saw the highest online sales growth and the weakest general consumer goods results.

Solid results from auto sales and leases, transportation rentals, contractor supplies and restaurants also contributed to the overall increase.

The 5.6% gain in the business-industry sector was bolstered by onetime receipts for equipment purchases related to alternative energy projects.

Most general consumer goods categories were flat or down, except for specialty stores, electronics-appliance stores and home furnishings, consistent with the trend of consumers buying more from online retailers.

Gains from most other segments were relatively modest, while lower prices at the pump caused an 11.4% decline in fuel tax revenues, extending the decline to a sixth consecutive quarter.

Robust Growth in Online Sales

National surveys reveal that consumers buy online to avoid crowds, save time and find better bargains. Online shopping also benefits buyers in rural areas with fewer shopping options.

Total online spending comprised 12.8% of all general consumer goods purchases in 2015, up from 3.4% in 2000.

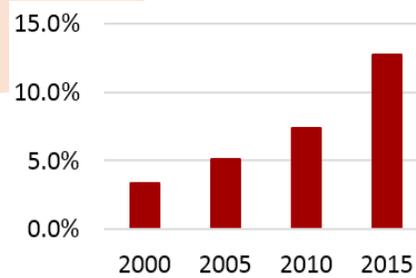
According to Forrester Research, Amazon accounted for 60% of total online sales growth in 2015.

Though the online share of overall sales

remains relatively modest, the year-over-year growth rate indicates a major shift in retailing is well underway. In response, more and more traditional brick and mortar retailers are opening online sales channels in recognition of this growing trend largely powered by younger buyers.

Department store chains have been particularly hard hit as Amazon has expanded its offerings to include apparel and fashion merchandise. Media reports indicate Macy's recently suffered its worse quarterly sales since the recession, while Nordstrom, J.C. Penney and Kohl's all reported lower sales. Each of these chains has established a solid web presence in a fight to retain market share.

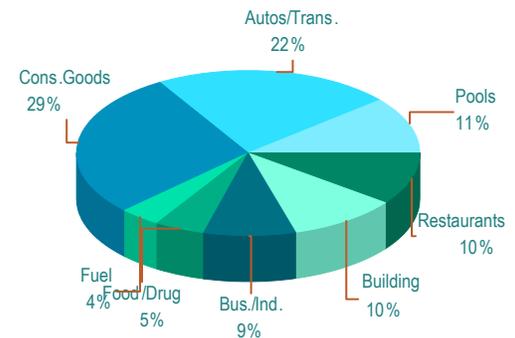
**Online General Consumer Goods
YOY Percentage Growth**



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 Q1 '16*	Yuba City Change	County Change	HdL State Change
Casual Dining	125.9	15.0%	15.1%	5.7%
Contractors	74.3	130.7%	76.5%	3.2%
Department Stores	85.1	-6.0%	-6.0%	-4.7%
Discount Dept Stores	— CONFIDENTIAL —		-2.5%	-0.3%
Electronics/Appliance Stores	58.9	7.0%	5.5%	2.8%
Family Apparel	65.4	2.6%	2.7%	-0.7%
Garden/Agricultural Supplies	72.2	-0.7%	0.2%	0.2%
Grocery Stores Liquor	74.7	1.1%	-1.3%	1.6%
Home Furnishings	52.6	-1.3%	-2.1%	3.0%
Lumber/Building Materials	187.8	1.3%	0.8%	4.5%
New Motor Vehicle Dealers	469.8	-4.5%	-4.0%	3.1%
Quick-Service Restaurants	157.2	7.1%	7.2%	6.4%
Service Stations	84.1	-17.0%	-23.0%	-9.3%
Specialty Stores	69.4	16.9%	11.4%	3.4%
Warehse./Farm/Const. Equip.	74.6	-31.1%	-21.6%	-6.1%
Total All Accounts	2,611.4	-0.1%	-3.1%	1.8%
County & State Pool Allocation	322.4	18.1%	14.5%	14.1%
Gross Receipts	2,933.8	1.6%	-1.4%	3.2%