

Q2 2016



Yuba City Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (April - June 2016)

Yuba City In Brief

Receipts from Yuba City's April through June sales were 4.5% higher than the same quarter one year ago.

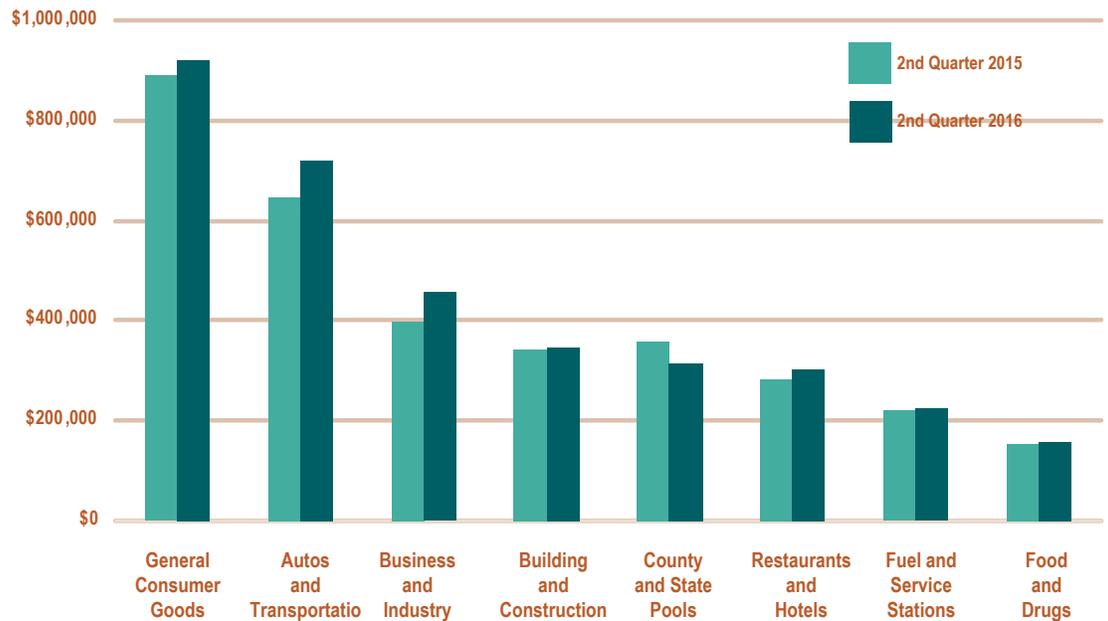
A strong quarter from new/used car sales boosted autos and transportation. Most agricultural-related sectors enjoyed improved sales lifting business and industry returns.

Payment adjustments and positive sales in several general consumer goods categories lift overall group results 3.2%. Newer eatery openings and net higher sales raised most restaurant categories.

The gains were partially offset by a 12.4% smaller allocation from the countywide use tax pool.

Net of aberrations, taxable sales for all of Sutter County grew 2.6% over the comparable time period, while the Sacramento region was up 4.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco	Sleep Train
Dow Lewis Motors	Stohlman & Rogers
Golden Valley Hydroponics	Sunrise Modern Classic Motors
Home Depot	Target
John L Sullivan Dodge Chrysler	United Agri Products
Kohls	Valley Truck & Tractor
Larry Geweke Ford	Walmart Supercenter
Lowes	Wheeler Chevrolet Cadillac Mazda
Nissan of Yuba City	Wilbur Ellis
Orchard Machinery	Winco Foods
Quik Stop	Yuba City Toyota
Ross	Yuba City Scion
Sams Club w/fuel	
Sears	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2015-16	2016-17
Point-of-Sale	\$2,935,135	\$3,128,544
County Pool	357,751	314,541
State Pool	2,453	1,050
Gross Receipts	\$3,295,338	\$3,444,136
Less Triple Flip*	\$(823,835)	\$0

*Reimbursed from county compensation fund

California Overall

Statewide local sales and use tax receipts were up 1.9% over last year's spring quarter after adjusting for payment aberrations.

The largest gains were for building supplies, restaurants, utility/energy projects and countywide use tax pool allocations. Tax revenues from general consumer goods and business investment categories rose slightly while auto sales leveled off.

Interest In Tax Reform Grows

With modest growth in sales and use taxes, agencies are increasingly reliant on local transaction tax initiatives to cover growing infrastructure and employee retirement costs. As of October 1, there are 210 active add-on tax districts with dozens more proposed for the upcoming November and April ballots.

The Bradley-Burns 1% local sales tax structure has not kept pace with social and economic changes occurring since the tax was first implemented in 1933. Technology and globalization are reducing the cost of goods while spending is shifting away from taxable merchandise to non-taxed experiences, social networking and services. Growing outlays for housing and health care are also cutting family resources available for discretionary spending. Tax-exempt digital downloads and a growing list of legislative exemptions have compounded the problem.

California has the nation's highest sales tax rate, reaching 10% in some jurisdictions. This rate, however, is applied to the smallest basket of taxable goods. A basic principle of sound tax policy is to have the lowest rate applied to the broadest possible basket of goods. California's opposite approach leads to revenue volatility and causes the state and local governments to be more vulnerable to economic downturns.

The State Controller, several legislators and some newspaper editorials have suggested a fresh look at the state's tax structure and a few ideas for reform have been proposed, including:

Expand the Base / Lower the Rate:

Eliminate much of the \$11.5 billion in exemptions adopted since the tax was first implemented and expand the base to include the digital goods and services commonly taxed in other states. This would allow a lower, less regressive tax that is more competitive nationally and would expand local options for economic development.

Allocate to Place of Consumption:

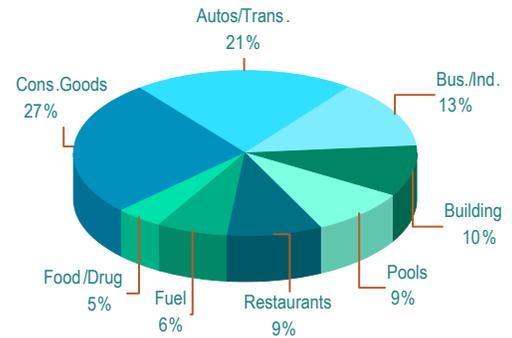
Converting to destination sourcing, already in use in the state's transactions and use tax districts, would maintain the allocation of local sales tax to the jurisdiction where stores, restaurants and other carryout businesses are located, but return the tax for online and catalog sales to the jurisdiction of the buyer that paid the tax. One outcome of this proposal would be the redirection of tax revenues to local agencies that are currently being shared with business owners and corporations as an inducement to move order desks to their jurisdictions.

Tax reform will not be easy. However, failing to reach agreement on a simpler, less regressive tax structure that adapts this century's economy could make California a long-term "loser" in competing with states with lower overall tax rates.

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 '16*	Yuba City Change	County Change	HdL State Change
Casual Dining	123.6	11.3%	13.0%	4.4%
Department Stores	101.0	6.4%	6.3%	-4.3%
Discount Dept Stores	— CONFIDENTIAL —		0.0%	0.7%
Electronics/Appliance Stores	67.6	25.2%	23.7%	22.4%
Family Apparel	75.8	12.6%	12.6%	4.4%
Garden/Agricultural Supplies	182.8	27.4%	14.4%	5.6%
Grocery Stores Liquor	81.3	6.0%	3.6%	1.1%
Heavy Industrial	79.7	86.1%	56.4%	6.8%
Home Furnishings	64.9	4.1%	3.4%	1.3%
Lumber/Building Materials	233.8	2.7%	2.5%	3.3%
New Motor Vehicle Dealers	494.9	10.8%	8.5%	2.7%
Quick-Service Restaurants	163.6	7.4%	7.2%	6.6%
Service Stations	162.9	-10.8%	-20.0%	-19.2%
Specialty Stores	74.5	4.2%	3.7%	2.4%
Warehse./Farm/Const. Equip.	94.6	-18.4%	-5.3%	6.2%
Total All Accounts	3,128.5	6.6%	3.9%	-0.6%
County & State Pool Allocation	315.6	-12.4%	-14.6%	15.2%
Gross Receipts	3,444.1	4.5%	1.9%	1.4%