

Q2

2010



City of Red Bluff Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2010)

Red Bluff In Brief

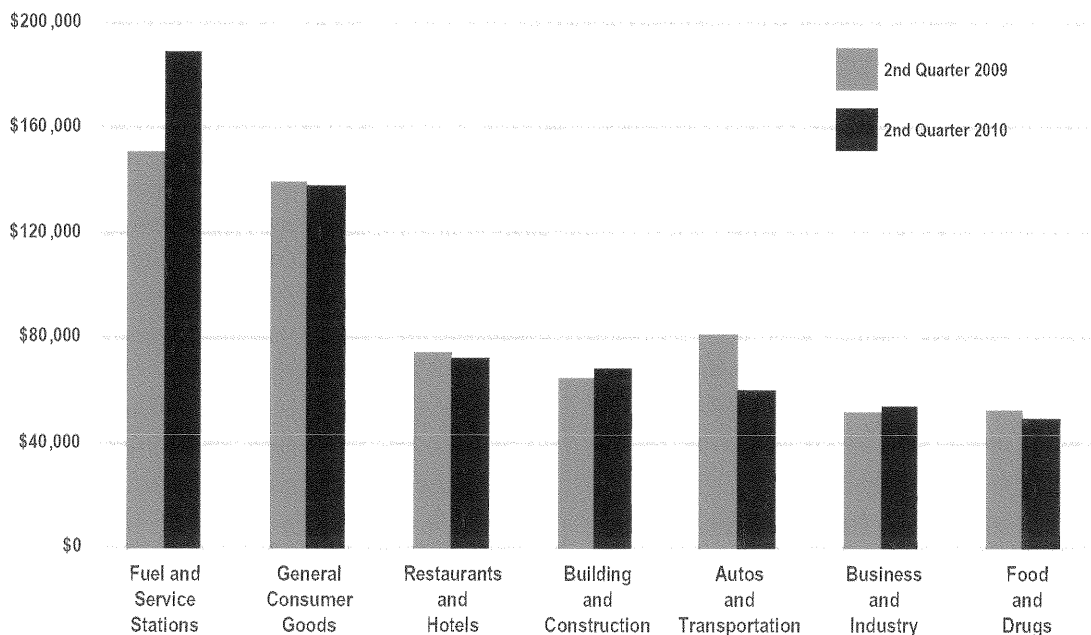
Receipts from Red Bluff's April through June sales were 1.6% higher than the same quarter one year ago. However, actual sales activity decreased 0.8% after accounting aberrations were factored out.

Recent closeouts and reduced sales from the Autos & Transportation group were the primary reasons for the decrease. A smaller allocation from the countywide use tax pool was also a factor.

The losses were partially offset by higher fuel prices and a strong sales quarter from heavy industrial.

Adjusted for reporting aberrations, sales and use tax receipts for all of Tehama County were flat for the comparable time period while the Far North region as a whole, was up 3.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

1 Stop	Main Street
Adobe Road	Chevron
Chevron	McDonalds
Antelope Valero	More for Less
Arco AM PM Mini Mart	North Valley Distributing
Circle 7 Days	Pneumatic Conveying & Manufacturing
CVS Pharmacy	Raleys
Exxon Food Mart	Red Bluff Grocery Outlet
Five Star Gas & Food Mart	Red Bluff Shell
Food Maxx	Staples
Growney Motors Buick Pontiac	Tesoro West Coast
Home Depot	Tractor Supply Company
Les Schwab Tire Center	Walmart
Liquor & Food	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$616,587	\$632,002
County Pool	78,435	74,487
State Pool	628	341
Gross Receipts	\$695,649	\$706,829
Cty/Cnty Share	(69,565)	(70,683)
Net Receipts	\$626,084	\$636,146
Less Triple Flip*	\$(156,521)	\$(159,037)

*Reimbursed from county compensation fund

California Overall

Local sales and use tax revenues for sales occurring April through June 2010 were 4.7% higher than the same quarter of 2009 after accounting aberrations were factored out. However, the comparison is against a quarter that was 18.4% below the same quarter of 2008 which in turn, was 4.0% lower than the same period of 2007. Rising fuel prices were again a major part of the quarterly increase. Pent-up demand and manufacturer incentives produced impressive gains in auto and RV sales. Capital investment in technology, equipment and supplies to reduce labor and energy costs drove expanded receipts from business and industrial purchases.

Areas surrounding the Silicon Valley continue to be the center of greatest recovery though a recent up-tick in travel helped produce gains in some vacation/resort communities. The inland parts of California still lag the coastal regions.

It's Official! The Recession is Over!

The National Bureau of Economic Research (NBER) has announced that the recession ended in June of 2009. Technically, this means that economic indicators show that the economy has finally bottomed out. It does not mean that a recovery has occurred.

This year's earlier exuberance has given way to near consensus among economists that the state's recovery will be slow with less than average growth over the next two years.

The argument is that further deleveraging from years of over-spending, over-borrowing, hyper-speculative investment and unsustainable real estate prices must occur before we reach the base on which normal growth restarts. With the focus on productivity innovations rather than jobs, unemployment is expected to stay in double digits at least until the end of 2012. Sales tax revenues are expected to continue to recover but at slightly lower rates than

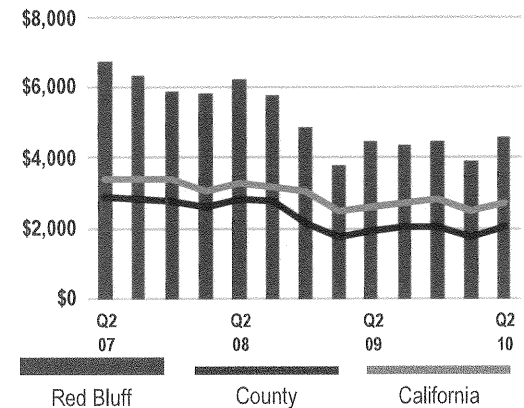
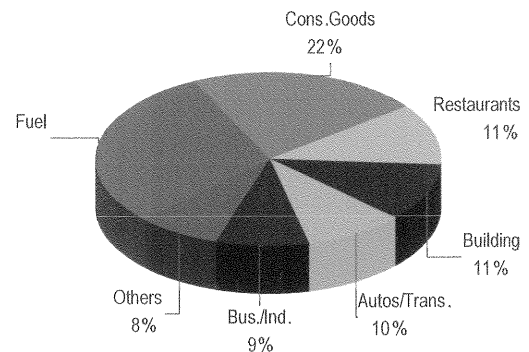
experienced earlier in the year from various tax credit, stimulus rebate and manufacturer incentive programs.

Green Energy Exemptions

The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) has fast-tracked adoption of their emergency regulations for implementing new sales and use tax exemptions for "Green Manufacturing" authorized by SB 71, the only significant new sales tax related bill adopted in 2010 to date. The first approvals are planned for their November 17 meeting.

Industry lobbyists have shut local governments out of the process and additional regulations are now being developed for exempting major alternative energy projects such as solar, geothermal and wind. There is no cap on the value of state and local sales tax losses that CAEATFA may approve.

Local governments will not be notified of applications potentially impacting their revenues. However, agenda notices can be obtained by signing up at <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

SALES PER CAPITA**REVENUE BY BUSINESS GROUP**
Red Bluff This Quarter**RED BLUFF TOP 15 BUSINESS TYPES**

Business Type	Red Bluff		County	HdL State
	Q2 '10	Change	Change	Change
Service Stations	\$185,182	27.9%	1.0%	18.2%
Discount Dept Stores	— CONFIDENTIAL —	—	-8.0%	0.1%
Lumber/Building Materials	— CONFIDENTIAL —	—	28.0%	2.9%
Restaurants No Alcohol	37,475	-14.6%	-9.3%	4.6%
Grocery Stores Liquor	30,624	-3.4%	0.7%	1.0%
Restaurants Liquor	23,491	31.5%	27.9%	6.9%
Automotive Supply Stores	20,189	-11.9%	1.2%	4.8%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	5.7%	16.5%
Warehse/Farm/Const. Equip.	— CONFIDENTIAL —	—	-10.8%	4.6%
Heavy Industrial	12,710	449.0%	923.8%	10.8%
Garden/Agricultural Supplies	12,541	-40.3%	-19.7%	0.0%
Restaurants Beer And Wine	10,904	-12.8%	-12.4%	-3.2%
Auto Repair Shops	10,087	-3.1%	9.2%	1.7%
Drug Stores	9,688	-0.4%	-0.2%	-1.3%
Grocery Stores Beer/Wine	8,794	-15.2%	0.7%	2.4%
Total All Accounts	\$632,002	2.5%	4.7%	7.4%
County & State Pool Allocation	74,827	-5.4%		
Gross Receipts	\$706,829	1.6%		
City/County Share	(70,683)	-1.6%		
Net Receipts	\$636,146	1.6%		