

Q3 2013



City of Red Bluff Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2013)

Red Bluff In Brief

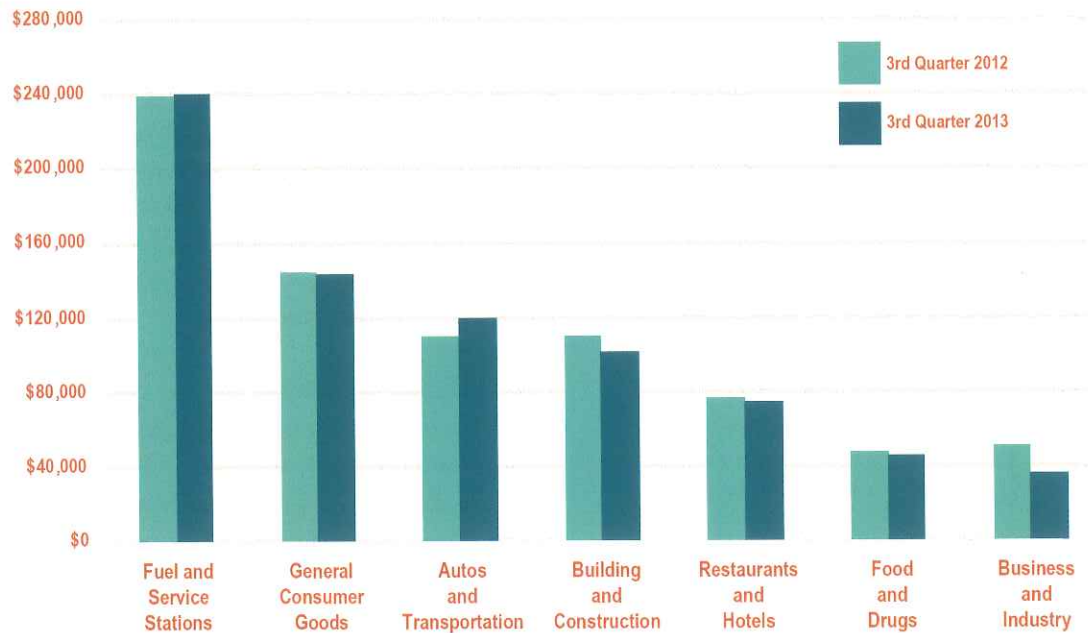
Receipts from Red Bluff's July through September sales were 1.2% lower than the same quarter one year ago. Actual sales activity increased 9.2% after accounting aberrations were factored out.

Reporting problems temporarily depressed receipts from the building and construction group. However, with these adjustments removed, group results were positive for the quarter. Accounting anomalies negatively impacted business and industry group returns.

The losses were partially offset by a strong sales quarter from the autos and transportation group while a larger allocation from the county-wide use tax pool was also a factor.

Adjusted for reporting aberrations, sales and use tax receipts for all of Tehama County increased 6.0% from last year's comparable quarter while the Far North region as a whole, was up 5.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Adobe Minimart	More for Less Gas
Antelope Valero	One Stop Gas & Food
Arco AM PM	Pneumatic Conveying & Manufacturing
Circle 7 Days	Raleys Supermarket
Dollar General Store	Red Bluff AM PM
Exxon Food Mart	Red Bluff Chrysler Dodge Jeep Ram
Food Maxx	Red Bluff Shell
Growney Motors Buick/GMC	Staples
Home Depot	Taco Bell
Les Schwab Tire Center	Tesoro West Coast
Liquor & Food	Tractor Supply Company
Main Street Chevron	Walmart
McDonalds	

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$778,692	\$760,566
County Pool	80,132	87,642
State Pool	(279)	287
Gross Receipts	\$858,545	\$848,496
Cty/Cnty Share	(85,855)	(84,850)
Net Receipts	\$772,691	\$763,646
Less Triple Flip*	\$(193,173)	\$(190,912)

*Reimbursed from county compensation fund

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter was temporarily reduced by a state computer glitch that failed to fully fund receipts from sellers of building and construction supplies. Actual sales activity was up 5.8% over last year's comparable quarter after adjusting for this and other aberrations. Overall performance was generally similar throughout most regions of the state.

New and used auto sales and leases again grew at double digit rates and were the primary contributor to the quarter's statewide growth. With on-line sales remaining strong and more businesses reporting due to the state's new out-of-state reporting requirements, countywide pool allocations became the second largest portion of this quarter's overall increase. Recovering building and construction activity was also significant with a 9.7% gain after adjusting for the delayed allocations.

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

Local Sales Tax Measures

Ten of twelve proposals for sales tax add-ons were approved in November as voters continued to support funding local services where they have more input and control.

New taxes were approved in Antioch, Corte Madera, Huron, Larkspur, San Anselmo and Scotts Valley. Existing add-ons were either increased or extended in El Monte, Rohnert Park, San Rafael and Stockton.

This brings the total number of city transactions and use tax districts to 135 and countywide districts to 44. Additional measures are expected to appear on local ballots in 2014.

Tax Rebates

Effective January 1, AB 562 (Williams) requires public notice and hearings on economic subsidies exceeding \$100,000. Identification of beneficiaries of the subsidy, the amounts, the beginning and ending dates and promised tax and job benefits are required as are periodic up-dates.

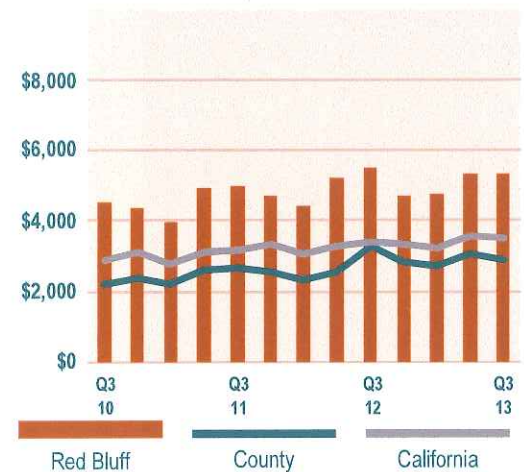
As on-line sales divert a greater portion of tax revenues from business and consumer purchases to centralized fulfillment centers, rebates of up to 85% are being bid in exchange for being the "point of sale" for the remainder. This bill encourages deeper evaluation of agreements that are collectively transferring an alarming share of statewide local sales tax to corporate bottom lines while cutting revenues for public services.

Holiday Sales Tax Shifts

Local tax receipts from fourth quarter sales will not be seen until March but may differ from previous years. Some forecasters predicted that on-line shopping would account for

up to 40% of holiday sales which would transfer that portion of the tax from stores to central fulfillment centers or county allocation pools. Final tax results from holiday spending will be pushed into June based on a National Retail Federation survey that showed 80% of shoppers gave at least one gift card. Tax is not charged until a gift card is redeemed.

SALES PER CAPITA



RED BLUFF TOP 15 BUSINESS TYPES

Business Type	Red Bluff		County	HdL State
	Q3 '13	Change	Change	Change
Auto Repair Shops	11,236	-47.9%	-40.1%	5.4%
Automotive Supply Stores	24,827	-5.7%	0.0%	5.7%
Casual Dining	16,944	-9.5%	-5.5%	1.9%
Discount Dept Stores	— CONFIDENTIAL —	—	-12.4%	-8.2%
Drug Stores	9,233	-3.1%	0.8%	0.0%
Electronics/Appliance Stores	12,013	9.9%	10.0%	4.2%
Fine Dining	20,132	2.8%	0.2%	11.3%
Garden/Agricultural Supplies	20,387	3.7%	5.9%	8.5%
Grocery Stores Liquor	28,939	-8.2%	-6.9%	-9.8%
Home Furnishings	8,897	13.6%	16.6%	10.3%
Lumber/Building Materials	— CONFIDENTIAL —	—	-10.3%	-15.8%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	12.1%	12.8%
Quick-Service Restaurants	36,762	-2.6%	1.5%	4.1%
Service Stations	235,785	1.4%	-24.2%	-1.5%
Variety Stores	10,332	261.6%	136.8%	8.3%
Total All Accounts	\$760,566	-2.3%	-10.3%	2.5%
County & State Pool Allocation	\$87,929	10.1%	1.1%	12.5%
Gross Receipts	\$848,496	-1.2%	-9.2%	3.5%
City/County Share	(84,850)	1.2%		
Net Receipts	\$763,646	-1.2%		