

Q3 2016



City of Red Bluff Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2016)

Red Bluff In Brief

Red Bluff's receipts from July through September were 2.2% above the third sales period in 2015.

The City experienced strong growth by many auto-transportation vendors, enhanced by continued low interest rates on long-term financing options, manufacturer incentives and increased demand of auto supplies. Solid summer sales by multiple retailers helped push general consumers higher.

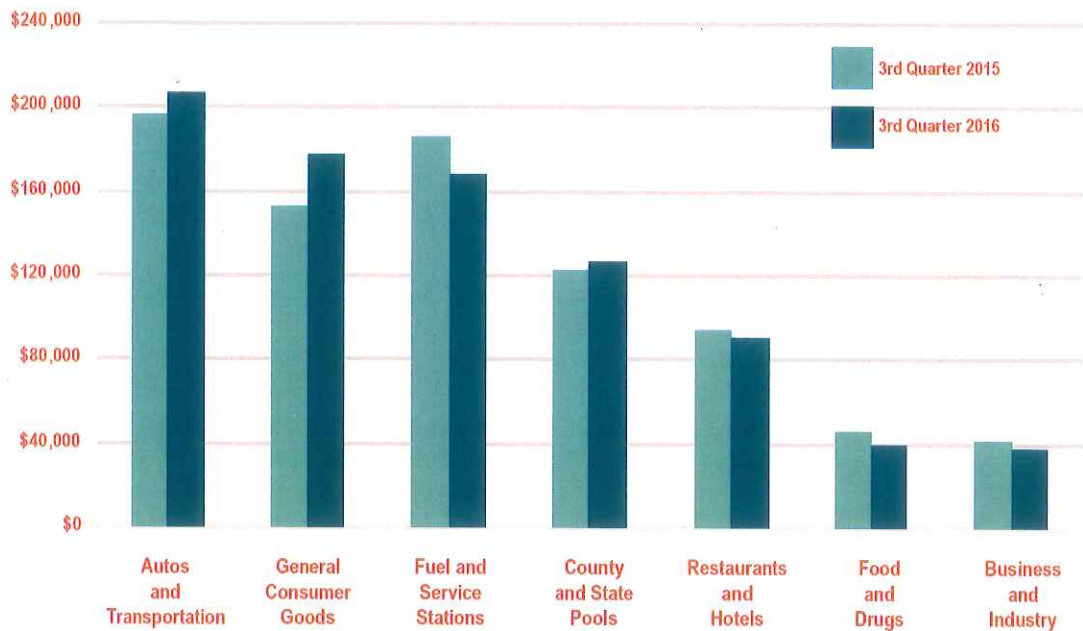
These improved point-of-sale results and a rise in purchases made online were largely responsible for allocations from the countywide use tax pool to increase, further contributing to the overall positive outcome.

Lower gas prices continued for the eighth straight quarter negatively impacting revenue from services station, while a restaurant closure and partial payment from a drug store further offset some of the growth.

The City's voter approved quarter-cent transaction tax, Measure D, generated an additional \$251,943, an increase of 1.2%, largely due to the same gains stated above.

Net of aberrations, taxable sales for all of Tehama County were flat over the comparable time period; the Far North region was up 5.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

76	More for Less Gas
Adobe Minimart	One Stop Gas
Arco AM PM (2)	Raleys
Big 5 Sporting Goods	Red Bluff Chrysler Dodge Jeep Ram
Dollar General	Red Bluff Shell
Food Maxx	Staples
Growney Motors Buick/GMC	Taco Bell
Home Depot	Tesoro West Coast
Jack in the Box	Tractor Supply
Les Schwab Tire Center	Valero (2)
Main Street Chevron	Walmart
McDonalds	

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2015-16	2016-17
Point-of-Sale	\$808,357	\$825,311
County Pool	122,572	125,866
State Pool	155	288
Gross Receipts	\$931,084	\$951,466
Cty/Cnty Share	(93,108)	(95,147)
Net Receipts	\$837,976	\$856,319
Less Triple Flip*	\$(209,494)	\$0
Measure D	\$249,035	\$251,943

*Reimbursed from county compensation fund

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Statewide Results

Statewide local sales and use taxes from transactions occurring July through September were up 1.9% over the same third sales quarter of 2015 after factoring for accounting anomalies.

The countywide use tax allocation pools contributed the largest portion of the increase reflecting the acceleration in online shopping where most orders are shipped from out-of-state. Automotive group receipts rose 5.4% over the year-ago period although more than half of the increase was from a specific electric car manufacturer. Higher returns from restaurants and sales of building/construction materials also contributed to the statewide gain.

The gains were significantly offset by a 14.6% drop in receipts from fuel and service stations and a generally flat quarter for other economic segments. General consumer goods grew less than 1%. Value priced clothing, pet shops, cosmetics and dollar stores were among the few bright spots.

Business and industrial tax revenue was down 1.9%. Relatively healthy sales of agricultural and medical/biotech supplies could not overcome the decline in new alternative energy projects and a flat quarter for most other categories.

The Year Ahead

The consensus from dozens of industry analysts, economic think tanks and trade associations is for a leveling off in the rate of sales tax growth that the state has enjoyed for the last six years.

Manufacturer incentives are expected to produce lower gains from new vehicle purchases through the end of 2016 and it is believed that dealers are now borrowing from 2017 sales. Vehicle sales are expected to drop in 2017-18 but the trend toward higher priced vehicles loaded with options could maintain tax revenues close to current levels.

Consumer preferences toward spending more on services rather than goods, digital downloading of previously taxable products and rising health care and housing costs will be a drag on sales of consumer

goods.

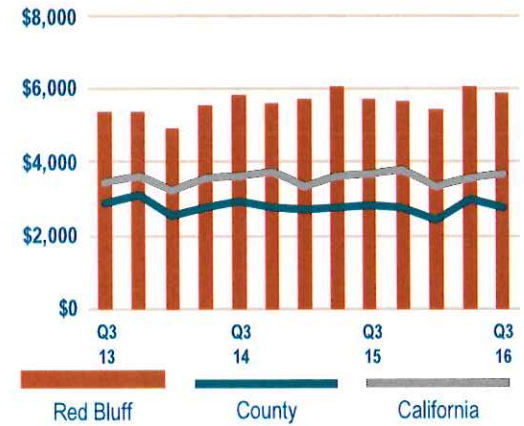
Receipts from fuel and service stations may be one of the largest gainers in 2017-18. New Middle East agreements on production caps are raising crude oil prices while California's limited refinery capacity and the trend toward less fuel-efficient SUV's and trucks have analysts believing that prices have finally leveled out and will rise through the year.

Continuing gains from restaurants are also expected although at lower than previous rates because of reduced grocery prices and the cost of eating at home. The growing strength of the dollar and recent criticisms of trade agreements and immigrants could reduce international tourism.

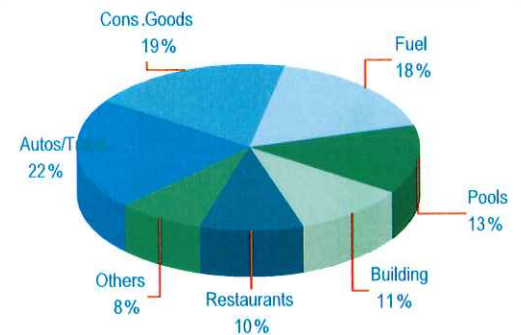
It usually takes up to two years for new stimulus programs to be reflected in sales tax receipts. As many of the coming administration's proposals related to trade, immigration, health services and the environment present potential issues for a significant number of California industries, delays in major construction projects and business/industrial investments are expected until these are sorted out.

HdL's current forecast is for a statewide increase of 2.5% in 2016-17 and 3.4% in 2017-18 compared to a year earlier.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Red Bluff This Quarter



RED BLUFF TOP 15 BUSINESS TYPES

Business Type	Red Bluff		County	HdL State
	Q3 '16	Change	Change	Change
Auto Repair Shops	13,003	5.1%	16.5%	4.5%
Automotive Supply Stores	29,494	9.5%	3.4%	3.8%
Casual Dining	43,924	-14.8%	-5.3%	4.4%
Discount Dept Stores	— CONFIDENTIAL —	—	25.1%	-0.4%
Drug Stores	8,650	1.4%	-15.6%	-8.7%
Electronics/Appliance Stores	12,849	2.5%	0.6%	-1.5%
Garden/Agricultural Supplies	21,312	5.6%	-0.2%	10.8%
Grocery Stores	26,573	-16.5%	-6.9%	-2.1%
Home Furnishings	9,160	-7.6%	-7.1%	-0.5%
Lumber/Building Materials	— CONFIDENTIAL —	—	10.6%	6.9%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	5.3%	4.8%
Quick-Service Restaurants	41,126	5.6%	2.6%	8.9%
Repair Shop/Equip. Rentals	8,323	5.6%	5.3%	8.5%
Service Stations	165,900	-9.4%	-10.6%	-13.8%
Variety Stores	— CONFIDENTIAL —	—	4.7%	8.9%
Total All Accounts	825,311	2.1%	-1.6%	0.9%
County & State Pool Allocation	126,154	2.8%	-0.9%	11.5%
Gross Receipts	951,466	2.2%	-1.5%	2.2%
City/County Share	(95,147)	-2.2%		
Net Receipts	856,319	2.2%		