

Q3 2013



City of Chico Sales Tax Update

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

Chico In Brief

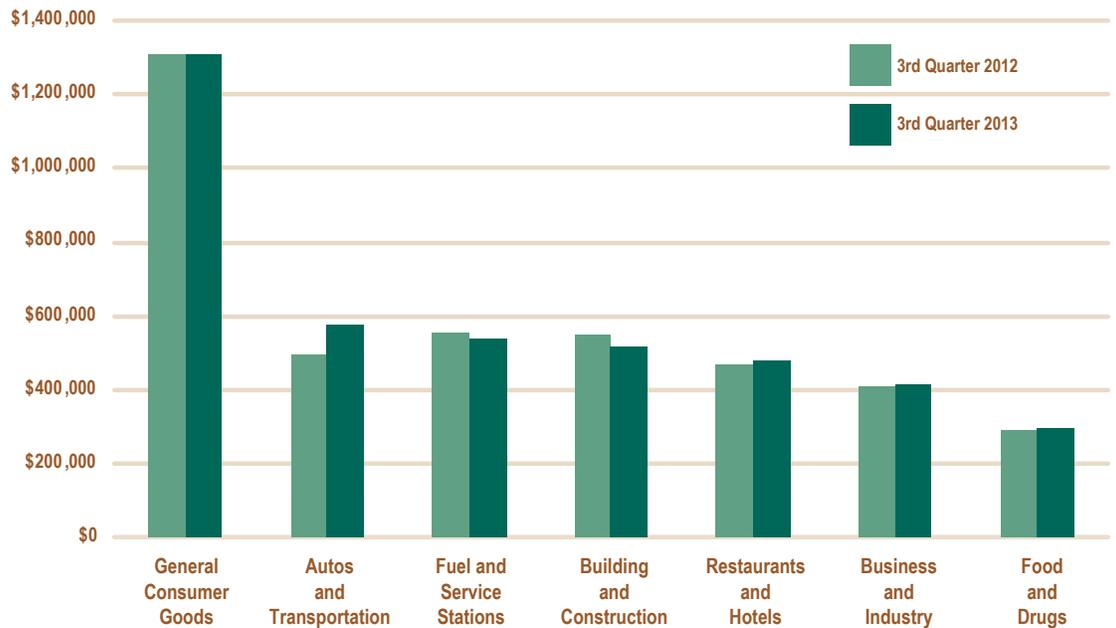
Receipts from Chico's July through September sales were 6.8% higher than the same quarter one year ago. Actual sales activity increased 4.2% after accounting aberrations were factored out.

The majority of the increase can be attributed to an unusually large current quarter allocation from the countywide use tax pool caused by a state audit adjustment. A strong quarter from new auto sales and improved restaurant receipts further contributed to the increase. Despite several new business openings, general consumer goods experienced only a slight gain due to accounting adjustments.

The gains were partially offset by payment deviations that negatively impact building and construction returns.

Adjusted for reporting aberrations, sales and use tax receipts for all of Butte County increased 5.2% 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

Associated Students of CSU Chico	Hunt & Sons
Best Buy	Kohls
Chico Nissan Hyundai	Nella Oil
Chico Volkswagen	Northgate Petroleum
Chuck Patterson Toyota Scion Dodge	Payless Building Supply
Costco	Safeway
Courtesy Motors Auto Center	Safeway Gas
Dicks Sporting Goods	Sierra Nevada Brewing
Ed Wittmeier Ford	Target
Esplanade AM PM	Thomas Manufacturing
Faucet Direct	Vanella Oil
Home Depot	Walmart
	Wizard Manufacturing

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$4,080,763	\$4,138,768
County Pool	359,464	598,247
State Pool	(1,441)	1,603
Gross Receipts	\$4,438,785	\$4,738,618
Cty/Cnty Share	(221,939)	(236,931)
Net Receipts	\$4,216,846	\$4,501,688
Less Triple Flip*	\$(1,054,212)	\$(1,125,422)

*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.

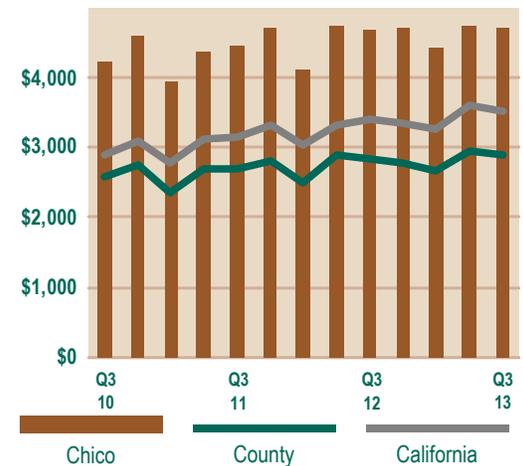
As on-line sales divert a greater portion of tax revenues from business and consumer purchases to centralized fulfillment centers, rebates of up to 85% are being bid in exchange for being the "point of sale" for the remainder. This bill encourages deeper evaluation of agreements that are collectively 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



CHICO TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Chico Q3 '13*	Chico Change	County Change	HdL State Change
Casual Dining	174.4	-1.9%	-0.7%	1.9%
Department Stores	84.1	2.1%	2.1%	1.8%
Discount Dept Stores	485.4	-9.6%	-11.2%	-8.2%
Electronics/Appliance Stores	134.3	4.3%	6.3%	4.2%
Family Apparel	116.4	12.0%	15.4%	5.6%
Fine Dining	109.0	2.0%	-1.0%	11.3%
Grocery Stores Liquor	173.5	-2.8%	-2.5%	-9.8%
Home Furnishings	98.1	2.1%	6.8%	10.3%
Lumber/Building Materials	215.1	-23.7%	-20.6%	-15.8%
New Motor Vehicle Dealers	405.1	20.3%	9.3%	12.8%
Petroleum Prod/Equipment	152.9	0.1%	-3.7%	-7.1%
Plumbing/Electrical Supplies	151.6	13.8%	10.9%	4.0%
Quick-Service Restaurants	149.5	0.1%	3.8%	4.1%
Service Stations	387.6	-3.2%	0.0%	-1.5%
Warehse/Farm/Const. Equip.	80.8	-7.5%	21.9%	13.2%
Total All Accounts	\$4,138.8	1.4%	2.4%	2.5%
County & State Pool Allocation	\$599.9	67.5%	69.1%	12.5%
Gross Receipts	\$4,738.6	6.8%	7.8%	3.5%
City/County Share	(236.9)	-6.8%		
Net Receipts	\$4,501.7	6.8%		