

Q3 2014



City of Chico Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2014)

Chico In Brief

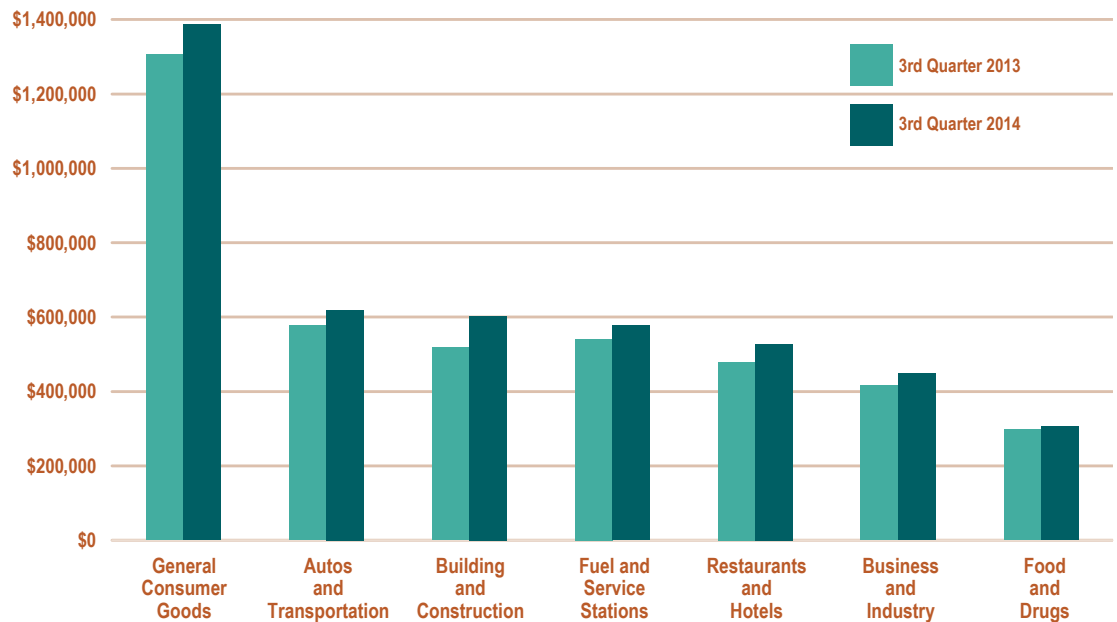
Receipts for Chico's July through September sales were 7.3% above the same quarter one year ago. Excluding reporting aberrations actual sales increased 3.9%.

All major industry groups were up for the quarter. Multiple business categories contributed to autos and transportation gains but new motor vehicle dealers generated most of the group's positive result. Various restaurant classifications showed percentage gains that easily bested regional trends.

Payment aberrations inflated the building and construction, general consumer and fuel and service station comparisons; new business additions boosted all but the fuel sellers group. Multiple segments in the business and industry group were up. Food and drug receipts were little-changed.

Adjusted for aberrations, taxable sales for all of Butte County increased 4.5% over the comparable time period, while the Far North region was up 3.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Best Buy	Lowe's
Chico Nissan	Nella Oil
Hyundai	Northgate Petroleum
Chuck Patterson	Payless Building Supply
Toyota Scion	Ross
Dodge	Safeway
Costco	Safeway Gas
Courtesy Motors	Sierra Nevada
Auto Center	Brewing Co
Ed Wittmeier Ford	Target
Faucet Direct	Thomas Manufacturing
Home Depot	Thornton Chevron
Hunt & Sons	Vanella Oil
JC Penney	Walmart
Kohls	
Lifetouch National	
School Studios	

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$4,138,768	\$4,469,200
County Pool	598,247	614,021
State Pool	1,603	3,108
Gross Receipts	\$4,738,618	\$5,086,330
Cty/Cnty Share	(236,931)	(254,316)
Net Receipts	\$4,501,688	\$4,832,013
Less Triple Flip*	\$(1,125,422)	\$(1,208,003)

*Reimbursed from county compensation fund

California Overall

With payment aberrations removed, local sales tax revenues rose 5.5% over the comparable quarter of July through September 2013.

The largest gains were from the countywide use tax pools which have been boosted by the rising shift to online shopping and involve a larger portion of goods shipped from out-of-state. Rising sales from auto dealers and restaurants, high tech Silicon Valley business activities, and Southern California construction also contributed.

Among general consumer goods, discount department stores, value priced apparel, home goods, pet and personal care products outperformed other categories.

The Impact of Falling Gas Prices on Sales Tax

Fuel prices plunged to a 5 year low in December with predictions that expanded North American oil production, gains in fuel efficiency and a sluggish international economy will sustain lower gas prices through much of 2015.

Not all of the estimated \$50 to \$75 per month family savings will be spent on taxable goods. Part will be absorbed by rising costs of food and other non-taxable necessities and by the ongoing shift in buying habits from purchases of taxable goods to non-taxable services, cellphone fees and internet access.

Among the various economic segments that make up each agency's sales tax base, grocers, drug stores and restaurants should benefit most. Extra disposable income translates into more travel, dining out and impulse purchases of taxable items while shopping for food and necessities.

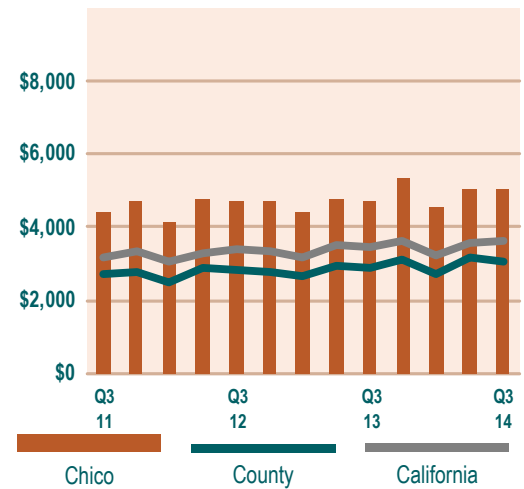
Despite intensive price competition, tax gains from general con-

sumer goods can also be expected although accelerating online shopping will shift much of the growth to the countywide allocation pools rather than brick and mortar stores.

Agencies with auto dealerships are also benefiting as lower fuel prices and increased fuel efficiency have buyers choosing more costly SUVs and accessories. Gains in home improvement purchases are anticipated although the tax will be distributed via countywide pools if the sale includes onsite installation.

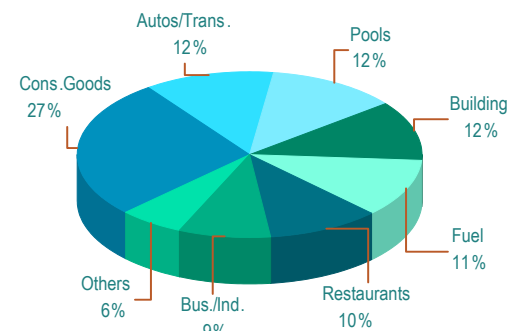
The major losing tax segment will be in fuel/service stations. The losses will be partially offset by increased travel/fuel consumption and by added costs associated with new green emission requirements that went into effect January 1. Even so, substantial declines from service stations, truck stops, bulk and jet fuel operators and petroleum industry suppliers should be anticipated. In the business/industry segment, tax from capital investment in new alternative energy and oil production projects is likely to slow.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Chico This Quarter



CHICO TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Chico Q3 '14*	Chico Change	County Change	HdL State Change
Casual Dining	302.7	11.4%	10.5%	6.5%
Department Stores	89.7	6.6%	8.0%	0.8%
Discount Dept Stores	495.7	2.1%	2.4%	2.5%
Electronics/Appliance Stores	143.8	9.0%	8.9%	2.7%
Family Apparel	131.0	11.5%	10.3%	6.0%
Grocery Stores Liquor	170.0	3.3%	5.0%	8.4%
Home Furnishings	96.4	-1.7%	-2.2%	6.5%
Lumber/Building Materials	278.3	29.4%	13.9%	4.7%
New Motor Vehicle Dealers	446.6	10.2%	10.0%	8.0%
Petroleum Prod/Equipment	171.4	12.1%	0.1%	4.6%
Plumbing/Electrical Supplies	180.6	19.2%	26.3%	9.6%
Quick-Service Restaurants	164.3	11.7%	10.2%	8.3%
Service Stations	403.4	4.1%	2.2%	1.2%
Specialty Stores	85.9	8.7%	10.5%	5.6%
Warehouse/Farm/Const. Equip.	81.6	1.0%	11.9%	6.5%
Total All Accounts	\$4,469.2	8.0%	7.2%	5.5%
County & State Pool Allocation	\$617.1	2.9%	2.1%	10.2%
Gross Receipts	\$5,086.3	7.3%	6.5%	6.1%
City/County Share	(254.3)	-7.3%		
Net Receipts	\$4,832.0	7.3%		