

Q3
2015



City of Chico Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2015)

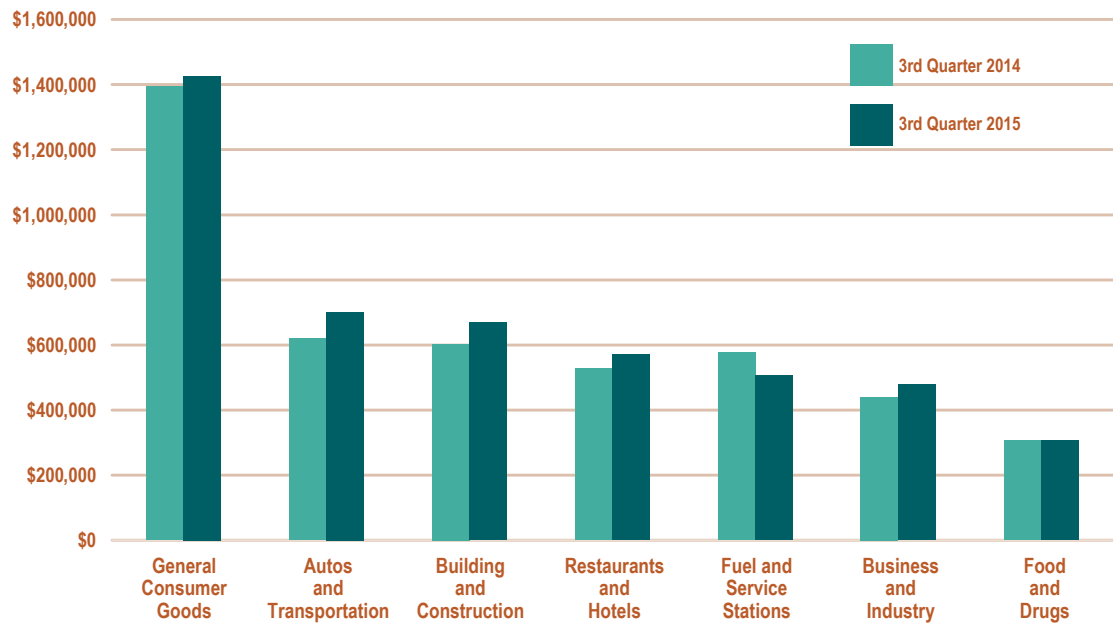
Chico In Brief

Chico's allocation of sales and use tax from its July through September sales was 4.7% higher than the same quarter of 2014. Actual sales activity was up 5.7% after factoring for reporting anomalies.

A solid quarter for auto sales, bulk fuel contracts, farm equipment and online sales of plumbing/electrical supplies and apparel all contributed to the actual increase. A rise in the countywide use tax allocation pool, of which the city received a 66.2% share, was also a factor. The gains were partially offset by a decline in prices of fuel which in turn, reduced receipts from service stations.

Adjusted for aberrations, sales and use tax receipts for all of Butte County gained 4.2% during the comparable time period while the far north region as a whole, was up 2.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Best Buy	JC Penney
Build.Com	Kohls
Chico Nissan	Lowes
Hyundai	MJB Welding Supply
Chico Volkswagen	Nella Oil
Chuck Patterson	Northgate Petroleum
Toyota, Dodge, Mazda	Payless Building Supply
Consolidated Electrical Distributors	Ross
Costco	Safeway
Courtesy Automotive Center	Safeway Fuel
Ed Wittmeier Ford	Target
Home Depot	Thomas Manufacturing
Hunt & Sons	Walmart
	Wittmeier Chevrolet

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$4,469,200	\$4,657,969
County Pool	614,021	668,515
State Pool	3,108	885
Gross Receipts	\$5,086,330	\$5,327,369
Cty/Cnty Share	(254,316)	(266,368)
Net Receipts	\$4,832,013	\$5,061,000
Less Triple Flip*	\$(1,208,003)	\$(1,265,250)

*Reimbursed from county compensation fund

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter were up 2.4% over last year's comparable quarter after adjusting for payment aberrations.

New and used auto sales and leases continued to exhibit solid gains and were the primary contributor to the quarter's statewide growth. The countywide allocation pools were the second largest contributors to the overall gain, boosted by increased online sales activity. The state's travel and tourism industry contributed to a robust increase in receipts from restaurants and hotels. Recovering building and construction activity was also significant with an 8.6% increase over the comparison period.

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

Overall performance was similar throughout most regions of the state, however the effect of lower fuel prices significantly dampened results in portions of the San Joaquin Valley.

Online Retail Sales Continue to Outpace Brick & Mortar Stores

Fourth quarter tax results will not be available until March but preliminary reports indicate holiday purchases from some brick and mortar stores are flat or down from 2014, while the volume of online shopping has set new records.

Although stores are not in danger of disappearing, the trend has many retail chains considering long-term plans for smaller "showroom" units with less square footage, employees, and in-store inventory.

HdL's statewide sales tax database for the first three quarters of 2015 shows that online orders for general consumer goods rose 17.6% over the first three quarters of 2014, while the overall sales gains at brick and mortar stores grew a modest 2.2%.

New Restrictions on Tax Sharing Agreements

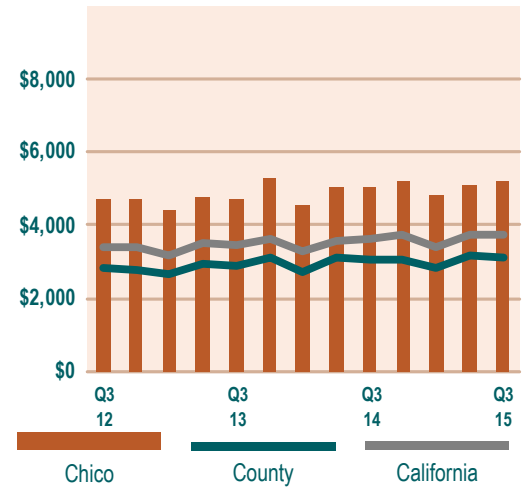
Tax rebates are subject to additional restrictions and reporting requirements in 2016.

Newly adopted Government Code Section 53084.5 prohibits tax sharing agreements that reduce another agency's sales tax if the business generating the tax continues to maintain a physical presence in the losing agency's jurisdiction.

The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

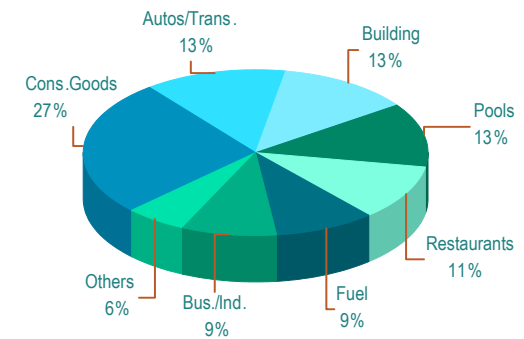
The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial statements with periods beginning after December 15, 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Chico This Quarter



CHICO TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Chico Q3 '15*	Chico Change	County Change	HdL State Change
Casual Dining	323.8	4.9%	5.2%	5.5%
Discount Dept Stores	499.8	0.8%	0.7%	2.1%
Electronics/Appliance Stores	154.9	7.7%	5.8%	3.9%
Family Apparel	152.0	16.0%	15.0%	2.2%
Grocery Stores Liquor	172.8	1.7%	-1.3%	3.8%
Home Furnishings	99.0	2.7%	8.7%	5.1%
Lumber/Building Materials	307.1	2.8%	3.0%	6.7%
New Motor Vehicle Dealers	505.1	13.1%	13.5%	8.2%
Petroleum Prod/Equipment	202.1	18.0%	12.5%	-28.0%
Plumbing/Electrical Supplies	224.4	24.3%	18.4%	10.1%
Quick-Service Restaurants	177.0	7.6%	5.8%	6.7%
Service Stations	302.5	-25.0%	-20.5%	-11.8%
Specialty Stores	92.7	7.9%	5.6%	5.7%
Sporting Goods/Bike Stores	91.1	0.2%	3.3%	0.7%
Warehouse/Farm/Const. Equip.	101.0	23.8%	8.5%	6.9%
Total All Accounts	4,658.0	4.2%	2.6%	2.3%
County & State Pool Allocation	669.4	8.5%	6.8%	3.5%
Gross Receipts	5,327.4	4.7%	3.1%	2.4%
City/County Share	(266.4)	-4.7%		
Net Receipts	5,061.0	4.7%		