

Q1 2013



City of Chico Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2013)

Chico In Brief

Receipts for Chico's January through March sales were 9.4% higher than the same quarter one year ago. Actual sales activity was up 6.3% when reporting aberrations were factored out.

Temporary payment deviations overstated the gain in general consumer goods compared to a year ago. Post-holiday sales increased in women's apparel, family apparel, discount department stores and specialty stores.

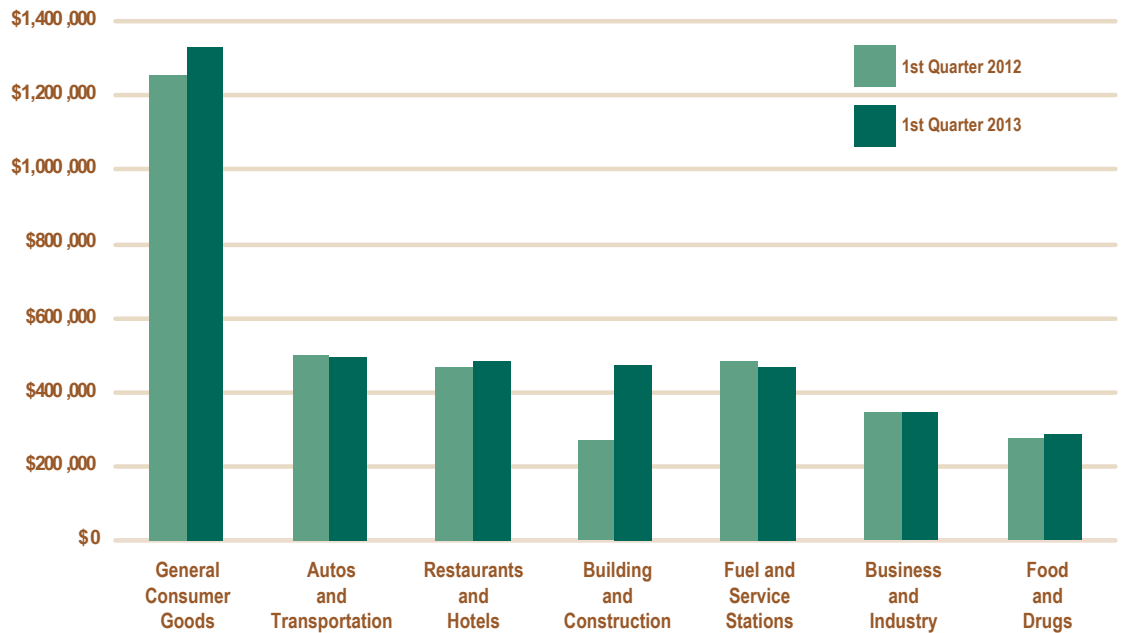
Similar aberrations accounted for the spike in building and construction. Once adjusted for these one-time events, this group rose 22.3% surpassing regional trends. Revenues were higher in restaurants as a whole along with food and drugs.

An increase in the countywide use tax allocation pool contributed to the rise in gross receipts.

Sales activity in auto-related sectors lagged statewide performance while lower fuel prices depressed returns in service stations.

Adjusted for aberrations, taxable sales for all of Butte County increased 7.9% over the comparable time period, while the Far North region as a whole was up 7.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Associated Students of CSU Chico	Hunt & Sons
Best Buy	Kohls
Chico Nissan	Lowes
Hyundai	Nella Oil
Chico Volkswagen	Northgate Petroleum
Chuck Patterson	Raleys
Toyota Scion	Ross
Dodge	Safeway
Costco	Safeway Gas
Courtesy Motors	Sierra Nevada
Auto Center	Brewing
Ed Wittmeier Ford	Target
Esplanade AM PM	Toys R Us
Faucet Direct	Vanella Oil
Home Depot	Walmart

REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$11,530,682	\$12,066,118
County Pool	1,411,737	1,422,341
State Pool	7,881	4,391
Gross Receipts	\$12,950,299	\$13,492,850
Cty/Cnty Share	(647,515)	(674,642)
Net Receipts	\$12,302,784	\$12,818,207
Less Triple Flip*	\$(3,075,696)	\$(3,204,552)

*Reimbursed from county compensation fund

California Overall

After adjusting for payment aberrations, statewide sales tax receipts for January through March sales were 6.5% higher than the same period in 2012.

Strong sales for apparel, department stores and big box discounters lifted general consumer goods and accounted for 23% of the statewide increase. Improvements in the housing sector pushed building and construction sales up 8.6%. Continued robust sales of new automobiles led to a 9.3% increase over the comparable quarter. Reduced consumption combined with lower gasoline prices cut fuel and service station returns in the first quarter by 2.7%.

Energy Projects Boost Business and Industry Gains

Taxes from construction of solar, wind, biomass and geothermal power projects accounted for 39% of California's business-to-business sales this quarter and produced significant windfalls for a handful of local agencies.

This temporary boost in revenues came from the federal government's goal of doubling the nation's renewable energy production in three years and from California's SB 2X which was signed in April of 2011 and calls for 33% of all retail electricity sales to be from renewable energy sources by 2020. Joint federal and state funding efforts to meet these goals have resulted in the initiation of more than a dozen utility-scale solar energy projects and over 130 renewable power plant projects in California.

Intermittent quarterly spikes in sales and use tax receipts from projects under construction or in the pipeline are expected for another two years.

Decline in Fuel Consumption Continues

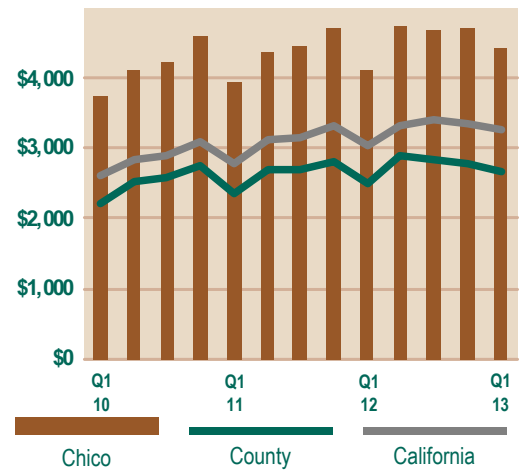
According to the most recent data from the State Board of Equalization, California's gasoline usage fell 1.7% while diesel consumption eased 0.4% in the fourth quarter of 2012 from 2011 levels. This continues a decline that began in 2005 and which is almost twice the nationwide drop.

Historically, economic conditions have been the primary driver in fuel usage, however other factors are becoming increasingly prevalent. Nationally, total vehicle miles traveled have dropped eight years in a row as aging drivers travel fewer miles and the millennial generation, focused on social networking technology, is driving less than previous generations. Increased fuel efficiency is also at play with the average new car achieving 16% more miles per gallon than just five years ago and some

commercial trucking fleets shifting to natural gas.

Until recently, price increases have offset consumption declines. The price gains were partly the result of California refineries exporting their finished product to emerging economies with higher demand and also by periodic refinery and transmission interruptions in the state's limited production infrastructure.

SALES PER CAPITA



CHICO TOP 15 BUSINESS TYPES

Business Type	Chico		County	HdL State
	Q1 '13*	Change	Change	Change
Department Stores	79.7	1.3%	1.3%	5.1%
Discount Dept Stores	473.9	2.4%	3.0%	5.1%
Electronics/Appliance Stores	136.8	-4.2%	-2.3%	-3.3%
Family Apparel	113.9	11.4%	22.1%	16.3%
Grocery Stores Liquor	167.5	3.5%	4.5%	24.7%
Home Furnishings	103.1	1.6%	4.3%	4.7%
Lumber/Building Materials	214.3	50.5%	22.0%	7.2%
New Motor Vehicle Dealers	337.6	1.6%	-9.1%	9.5%
Petroleum Prod/Equipment	110.8	10.3%	3.9%	-3.4%
Plumbing/Electrical Supplies	141.0	355.0%	221.5%	13.9%
Restaurants Beer And Wine	129.8	9.0%	5.9%	-1.4%
Restaurants Liquor	163.9	2.5%	5.5%	6.5%
Restaurants No Alcohol	179.2	3.7%	2.3%	6.0%
Service Stations	356.9	-7.4%	-3.5%	-2.2%
Specialty Stores	113.5	34.5%	74.5%	2.4%
Total All Accounts	\$3,880.0	7.8%	7.1%	5.7%
County & State Pool Allocation	529.0	23.2%		
Gross Receipts	\$4,409.0	9.4%		
City/County Share	(220.5)	-9.4%		
Net Receipts	\$4,188.6	9.4%		

*In thousands