

Q1 2015



City of Chico Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2015)

Chico In Brief

Receipts for Chico's January through March sales were 7.4% higher than the same quarter one year ago.

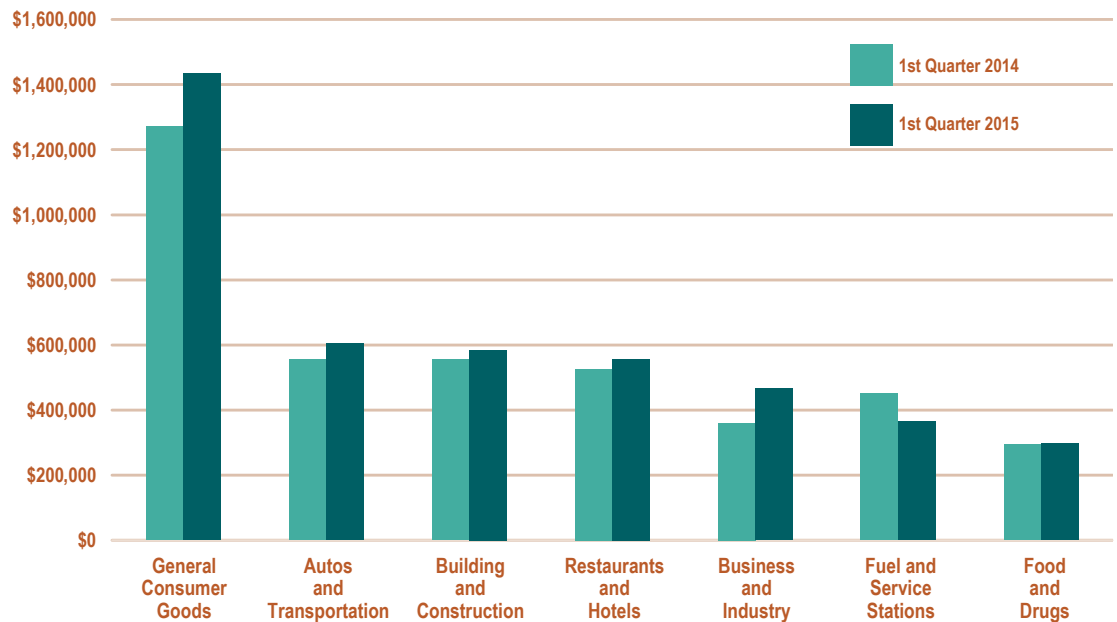
Improved sales, a new business addition, and a favorable payment adjustment boosted general consumer goods returns. Brisk sales from the business to business sector warehouse-farm-construction equipment lifted overall business and industry revenues.

A strong sales quarter from new car dealerships raised autos and transportation results while contractor material and supply sales were higher. A larger allocation from the countywide use tax pool further contributed to the increase.

The gains were partially offset by continued declining fuel prices which negatively impacted fuel and service station receipts.

Adjusted for aberrations, taxable sales for all of Butte County increased 6.4% over the comparable time period, while the Far North region as a whole was up 4.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Best Buy	Lowes
Build.Com	MJB Welding Supply
Chico Nissan	Northgate Petroleum
Hyundai	Payless Building Supply
Chico State Wildcat Store	Peterson Tractor
Chuck Patterson	Ross
Toyota Scion	Safeway
Dodge	Safeway Gas
Costco	Sierra Nevada Brewing Co
Courtesy Motors Auto Center	Target
Ed Wittmeier Ford	Valley Truck & Tractor Co
Home Depot	Walmart
Hunt & Sons	Wittmeier Chevrolet
JC Penney	
Kohls	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$12,798,450	\$13,409,724
County Pool	1,784,532	1,886,708
State Pool	8,649	8,340
Gross Receipts	\$14,591,632	\$15,304,773
Cty/Cnty Share	(729,582)	(765,239)
Net Receipts	\$13,862,050	\$14,539,534
Less Triple Flip*	\$(3,465,513)	\$(3,634,883)

*Reimbursed from county compensation fund

California as a Whole

Local one cent tax receipts from sales occurring January through March rose 3.65% over 2014's comparable quarter after adjusting for reporting anomalies.

An exceptionally strong quarter for auto sales/leases and restaurants was the primary contributor to the overall increase. A rise in building-construction materials was also a factor although much of this growth came from specific office and sports facility projects in Northern California.

Gains from sales of general consumer goods were primarily in value priced clothing, home furnishings and specialty retail which includes pet supplies and cosmetics. Online shopping involving goods shipped from out of state continues to shift a major portion of the growth in general consumer goods to the countywide pools.

The statewide gains were largely offset by a 21% decline in receipts from fuel and service stations.

Tax on Services

The Board of Equalization has released an estimate that levying sales and use tax on services would raise over \$122.5 billion in state and local revenues or enough to lower the overall tax rate to under 4%.

Originally imposed in 1933 as a 2 1/2% tax with only three exemptions, the legislature has gradually exempted more and more goods from the sales tax while raising rates to compensate for the corresponding revenue loss. This and the state's shift from a manufacturing to service economy has created the nation's highest sales tax rate on the narrowest basket of goods.

Although more discussion is needed, there is interest in expanding the sales tax to services and lowering the rate to make the tax less regressive and

more competitive while providing greater flexibility in the development of local tax bases.

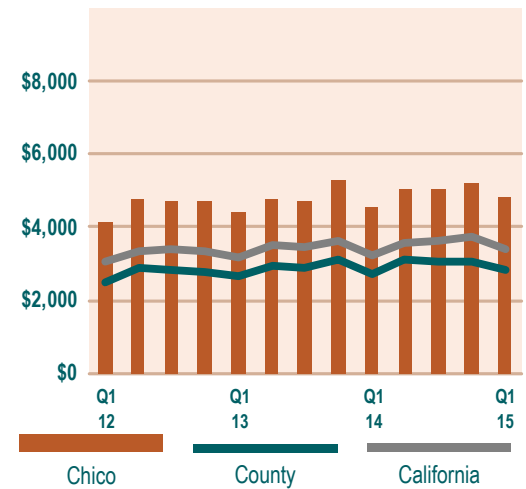
Tax on Jet Fuel

The Federal Aviation Administration has ruled that sales taxes on jet fuel must only be used for airport and aviation programs. The rule applies to taxes levied after 1987 but is unclear as to transactions tax districts, Proposition 172 revenues, or revenues collected by jurisdictions without airports. Clarification will not be available until FAA review and approval of a plan that has to be submitted by the state Department of Finance by December 8, 2015.

Tax on Marijuana

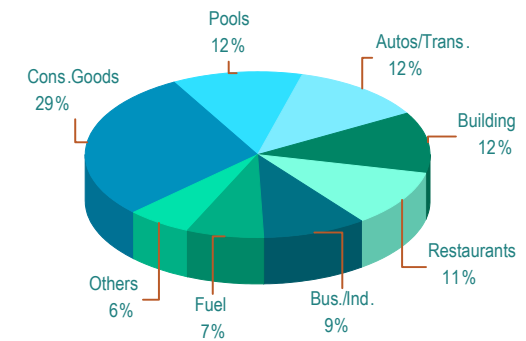
A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE findings are expected by November 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Chico This Quarter



CHICO TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Chico Q1 '15*	Chico Change	County Change	HdL State Change
Casual Dining	306.6	-0.4%	-0.9%	6.1%
Discount Dept Stores	482.6	3.7%	4.8%	4.2%
Electronics/Appliance Stores	143.5	1.6%	5.2%	-1.0%
Family Apparel	137.5	24.2%	21.6%	9.6%
Grocery Stores Liquor	160.4	0.0%	2.2%	5.0%
Home Furnishings	119.2	21.9%	8.5%	8.4%
Lumber/Building Materials	249.2	-12.4%	-8.0%	-3.1%
New Motor Vehicle Dealers	419.4	9.1%	11.1%	11.1%
Petroleum Prod/Equipment	90.6	-18.7%	-21.9%	-18.2%
Plumbing/Electrical Supplies	191.2	23.4%	23.9%	7.0%
Quick-Service Restaurants	179.5	12.7%	12.2%	10.5%
Service Stations	272.1	-19.3%	-17.9%	-21.9%
Specialty Stores	89.1	9.3%	6.7%	9.2%
Stationery/Book Stores	99.6	94.5%	22.6%	-0.5%
Warehouse/Farm/Const. Equip.	120.1	187.5%	43.9%	21.9%
Total All Accounts	\$4,309.8	7.4%	5.8%	3.6%
County & State Pool Allocation	\$606.1	7.8%	6.2%	1.1%
Gross Receipts	\$4,915.9	7.4%	5.8%	3.3%
City/County Share	(245.8)	-7.4%		
Net Receipts	\$4,670.1	7.4%		