

# Q2 2015



# City of Chico Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2015)

## Chico In Brief

Chico's receipts from April through June were 4.1% above 2014's second quarter sales.

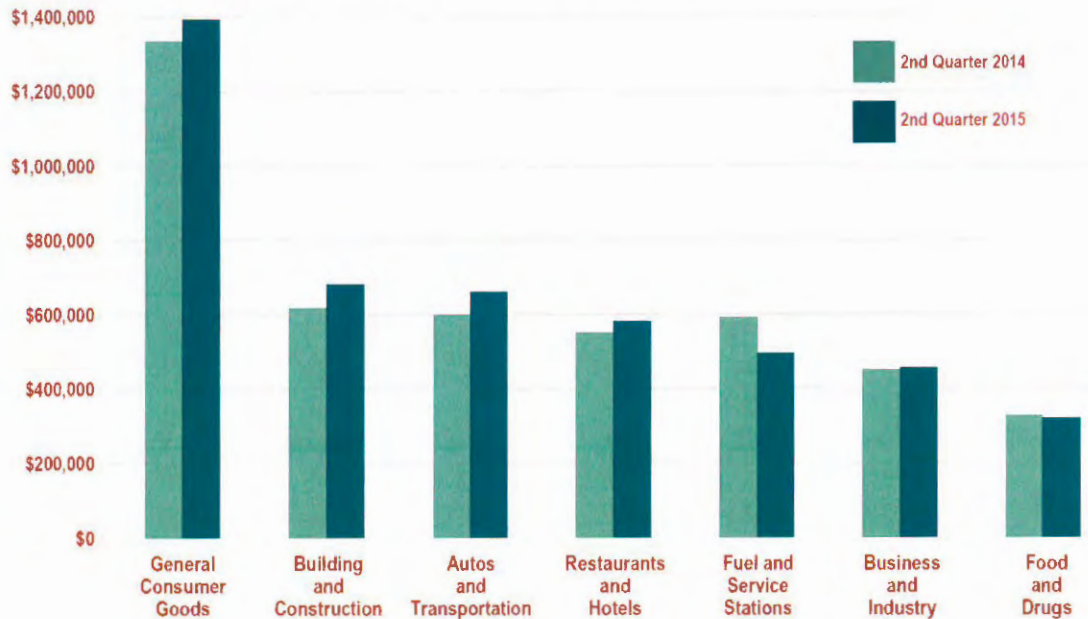
Building and construction, autos and transportation and general consumer goods sales contributed most to overall gains. Lumber and building materials and plumbing/ electrical supplies classifications generated most of the building and construction increase; new auto dealer sales drove autos and transportation results and family apparel, electronics/appliance store and specialty store groups boosted general consumer goods proceeds.

Multiple business categories in the restaurants and hotels segment were up as was the city allocation from the countywide use tax pool. Retroactive accounting adjustments temporarily inflated pool amounts available for distribution.

Lower prices at the pump continued to suppress receipts from the fuel and service stations group; a combination of business close-outs and payment adjustments that boosted receipts in the comparison quarter caused the food and drugs decrease.

Net of aberrations, taxable sales for all of Butte County grew 4.0% over the comparable time period; the Far North region was up 3.8%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Best Buy	Hunt & Sons
Build.Com	JC Penney
Chevron	Kohls
Chico Nissan	Lowe's
Hyundai	MJB Welding Supply
Chuck Patterson	Nella Oil
Toyota Scion	Northgate Petroleum
Dodge	Payless Building Supply
Consolidated Electrical Distributors	Ross
Costco	Safeway
Courtesy Automotive Center	Safeway Fuel
Courtesy Motors Auto Center	Sierra Nevada Brewing
Ed Wittmeier Ford	Target
Home Depot	Walmart

### REVENUE COMPARISON

Four Quarters - Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$17,274,720	\$17,997,927
County Pool	2,339,178	2,533,658
State Pool	12,068	12,240
<b>Gross Receipts</b>	<b>\$19,625,965</b>	<b>\$20,543,825</b>
Cty/Cnty Share	(981,298)	(1,027,191)
<b>Net Receipts</b>	<b>\$18,644,667</b>	<b>\$19,516,634</b>
Less Triple Flip*	\$(4,661,167)	\$(4,879,159)

\*Reimbursed from county compensation fund

NOTES

**Statewide Sales Tax Trends**

Excluding accounting aberrations, the local one cent share of statewide sales occurring April through June was 3.4% higher than the comparable quarter of 2014.

Receipts from the countywide use tax allocation pools accounted for the largest portion of the increase reflecting a continuing shift in consumer preferences from brick and mortar stores to online shopping for merchandise shipped from out of state.

Sales and leases of new cars continued to post impressive gains as did contractor supplies and restaurants. Overall gains were offset by a 17.1% decline in receipts from service stations and petroleum related industries.

**The Remaining Fiscal Year**

The state's unemployment rate continues to decline and real disposable income is expected to grow 2.5% to 3.0% in the second half of 2015. This improvement in incomes coupled with easy credit conditions should stimulate an increase in housing starts as well as capital investment in equipment, alternate energy and technology.

The auto industry is anticipating continuing strong sales until tapering to more sustainable levels in 2016-2017. Building and construction, the only retail segment yet to return to pre-recession levels, is gaining momentum in several regions and is expected to account for 10% of sales tax growth in the second half of the fiscal year.

Restaurant sales continue to rise although there are some concerns that the strong dollar may impact sales in areas that cater to tourists from abroad. Gains from consumer goods are expected to be modest with the strong dollar cutting prices of imported goods and an ongoing shift in consumer spending from tangible goods to services, entertainment and other non-taxable purchases.

Gasoline prices remain well below the previous year due to a worldwide glut

of oil. Barring unexpected supply or refinery disruptions, prices are expected to trend lower through the first half of 2015-16 but begin rebounding in the second half.

**Internet Sales Tax Proposal**

HR 2775 (The Remote Transaction Parity Act) is a new proposal by Representative Jason Chaffetz (R-Utah) authorizing states to require remote sellers without physical presence in their state to collect state and local sales tax from in-state buyers.

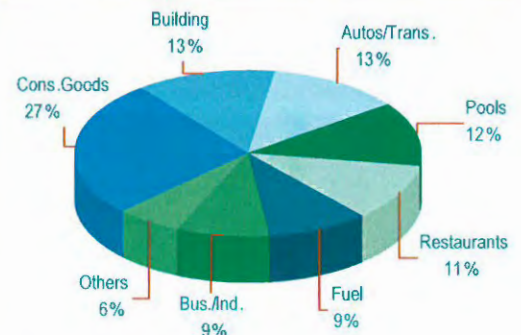
The bill currently has 52 sponsors and attempts to address objections to elements of the Marketplace Fairness Act that preceded it. The proposal provides for a three year phase in for small businesses, prohibits auditing remote sellers with annual sales under \$5 million, and requires states to provide software to enable remote sellers to collect and remit their tax.

The Board of Equalization estimates that local governments in California currently lose approximately \$44 per capita in uncollected sales and use tax on e-commerce purchases.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Chico This Quarter



**CHICO TOP 15 BUSINESS TYPES**

Business Type	Chico		County	HdL State
	Q2 '15*	Change	Change	Change
Casual Dining	325.0	2.6%	1.3%	6.5%
Department Stores	89.9	-0.7%	-0.7%	-2.1%
Discount Dept Stores	493.8	0.1%	-0.1%	0.0%
Electronics/Appliance Stores	144.4	12.0%	10.1%	-1.6%
Family Apparel	153.4	19.9%	17.7%	2.9%
Grocery Stores Liquor	177.4	-0.8%	-0.5%	3.4%
Home Furnishings	96.8	6.4%	3.5%	7.4%
Light Industrial/Printers	87.5	30.2%	38.3%	0.3%
Lumber/Building Materials	298.9	2.5%	4.3%	4.5%
New Motor Vehicle Dealers	470.1	12.7%	11.4%	9.3%
Petroleum Prod/Equipment	138.9	-16.5%	-17.5%	-22.7%
Plumbing/Electrical Supplies	224.0	27.1%	27.9%	5.9%
Quick-Service Restaurants	182.3	7.0%	7.1%	9.1%
Service Stations	354.1	-16.4%	-15.9%	-11.7%
Specialty Stores	97.3	8.0%	0.2%	5.4%
<b>Total All Accounts</b>	<b>4,588.2</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>650.8</b>	<b>16.6%</b>	<b>16.6%</b>	<b>11.8%</b>
<b>Gross Receipts</b>	<b>5,239.1</b>	<b>4.1%</b>	<b>4.1%</b>	<b>3.8%</b>
City/County Share	(262.0)	-4.1%		
<b>Net Receipts</b>	<b>4,977.1</b>	<b>4.1%</b>		