

Q4 2016



City of Anderson Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2016)

Anderson In Brief

Receipts from Anderson's October through December sales were 0.3% below the fourth period of 2015. Actual sales rose 1.9% after removing reporting aberrations.

Service stations showed higher comparative revenues, a combination of increased gas prices and the opening of a new business. Though restaurants and hotels experienced mixed results, a new eatery opening propelled the group to a slight gain in receipts.

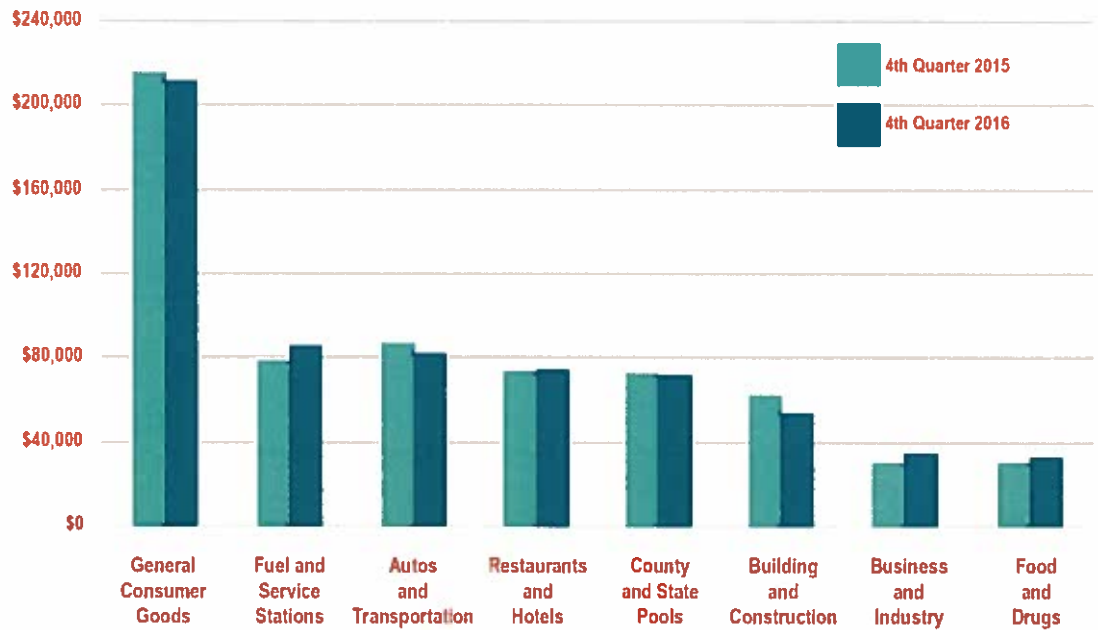
A reporting discrepancy added to the food and drug growth. Several deviations adversely impacted the auto and transportation segment negating the rise in trailer-RV returns from several outlets.

Varied performance in general consumer goods occurred this holiday quarter, electronic stores improved due to a new merchant, consumer preferences netted weaker revenues from family and women's apparel establishments. The contractors decrease comes from a payment aberration in the prior year, when removed, actual activity was flat.

Taxes from the City's voter approved Measure A generated \$338,911, a 2.7% drop from the fourth quarter of last year.

Net of aberrations, taxable sales for all of Shasta County grew 2.1% over the comparable time period, the Far North region was up 1.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Ace Hardware Express	Payless Building Supply
Arco AM PM	Pendleton Woolen Mills
B & B RV	Rite Aid
Beacon w/Mikes Food & Fuel	Safeway
Boot Barn	Safeway Fuel
Camping World RV	Shell
Coast Tank Line	Sonic
Dollar Tree	Systems Plus Lumber
Handisport Market	Taco Bell
Les Schwab Tire Center	Tower Mart
McDonalds	Tractor Supply Company
O'Reilly Auto Parts	Walmart Supercenter
Outdoor Creations	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2015-16	2016-17
Point-of-Sale	\$1,718,616	\$1,782,780
County Pool	202,646	217,301
State Pool	1,890	991
Gross Receipts	\$1,923,152	\$2,001,073
Less Triple Flip*	\$(480,788)	\$0
Measure A	\$1,000,952	\$1,058,594

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Statewide Results

Statewide sales tax receipts for the fourth quarter rose 1.5% over 2015, when excluding reporting aberrations.

The largest gain was in the county-wide use tax allocation pools due to the acceleration in online shopping where many of the orders are placed to, or shipped from, out-of-state fulfillment centers. Restaurant and auto sales closed the calendar year with strong results while receipts from general consumer goods were flat. Off-price apparel and dollar store gains offset declines in traditional department stores and warehouse retailers.

Business and industry receipts were down due to cutbacks in major energy projects; however, huge gains in warehouse fulfillment centers that fill in-state shipments from online orders somewhat negated the decline.

On an annual basis, the statewide gain ended 2.1% higher than calendar year 2015.

The Shrinking, Disappearing Retail Store

Agencies dependent on traditional brick-and-mortar retail stores for a major portion of their sales tax will be facing new challenges in the coming year as merchants retrench and downsize to cope with a rapidly changing environment.

Generational preferences for experiences over merchandise, plus the growing costs of health care, education and housing, are reducing discretionary spending for taxable goods while time-challenged consumers are opting for the convenience of online shopping.

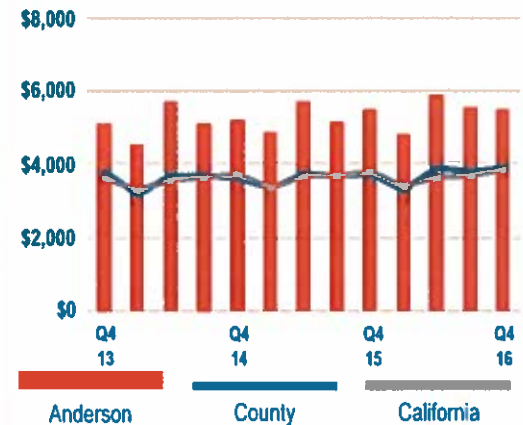
Online sales accounted for 13.0% of all general consumer goods purchased in 2016 with a 9.2% gain over calendar year 2015, while the growth in tax receipts from brick-and-mortar stores only grew 0.6%. The trend has been accelerated by the growing popularity of smart phones which Amazon estimates were used by nearly 70% of its shoppers during the most recent holiday quarter.

Retailers are responding by increasing their investment in mobile shopping platforms and delivery systems while pulling back investment on brick-and-mortar stores. Substantial closures are planned for 2017 while experiments with smaller stores, pick-up locations for online purchases, temporary “pop-up” shops and subleasing in-store space to others are on the rise.

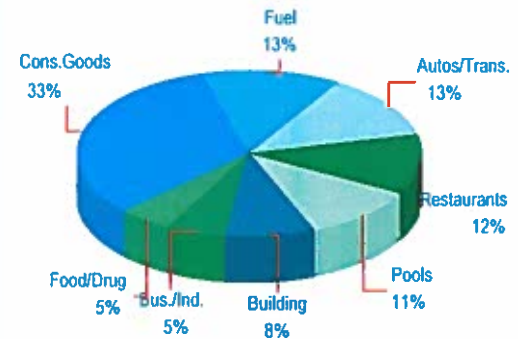
Mall operators are turning to grocers, fitness centers, medical services and residential components to fill vacant space and attract traffic. Smaller centers and downtown areas are responding by enhancing the shopping experience with more dining and entertainment options while local governments seek voter approval for higher levies to offset shrinking tax bases.

Stores are not in danger of disappearing. The ability to see, touch and feel, along with the overall shopping experience, will always be important. But evolving trends are requiring more focused economic strategies with better data and closer collaborations. The ultimate solution may be tax rates levied against today’s economy rather than the one that existed when sales tax was first imposed in 1933.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Anderson This Quarter



ANDERSON TOP 15 BUSINESS TYPES

Business Type	Anderson		County	HdL State
	Q4 '16	Change	Change	Change
Automotive Supply Stores	18,374	-20.6%	-5.3%	0.0%
Building Materials	38,641	2.7%	3.4%	0.7%
Casual Dining	23,688	4.6%	4.7%	2.7%
Contractors	14,936	-36.7%	4.3%	-0.2%
Discount Dept Stores	— CONFIDENTIAL —		-1.3%	-0.6%
Drug Stores	— CONFIDENTIAL —		20.1%	10.2%
Electronics/Appliance Stores	10,622	21.5%	-2.4%	-1.3%
Family Apparel	19,694	-8.0%	8.5%	4.7%
Garden/Agricultural Supplies	— CONFIDENTIAL —		1.7%	-2.6%
Grocery Stores	— CONFIDENTIAL —		0.4%	3.9%
Quick-Service Restaurants	41,842	-3.5%	1.1%	5.7%
Service Stations	80,661	10.2%	7.6%	-1.0%
Shoe Stores	— CONFIDENTIAL —		1.5%	4.5%
Trailers/RVs	55,255	1.6%	3.9%	11.0%
Women's Apparel	6,358	-7.4%	12.9%	-0.5%
Total All Accounts	576,489	-0.1%	3.4%	2.4%
County & State Pool Allocation	71,525	-2.2%	1.2%	6.9%
Gross Receipts	648,014	-0.3%	3.1%	3.0%