

# Q4 2015



# City of Anderson Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2015)

## Anderson In Brief

Anderson's receipts from October through December were 6.4% above the fourth sales period in 2014. Excluding reporting aberrations, actual sales were up 4.3%.

Favorable winter weather conditions, a stable housing market and retroactive payments from a contractor supplier all combined to boost building-construction receipts. Solid post-summer season activity by trailer-rv dealers led to gains from autos-transportation.

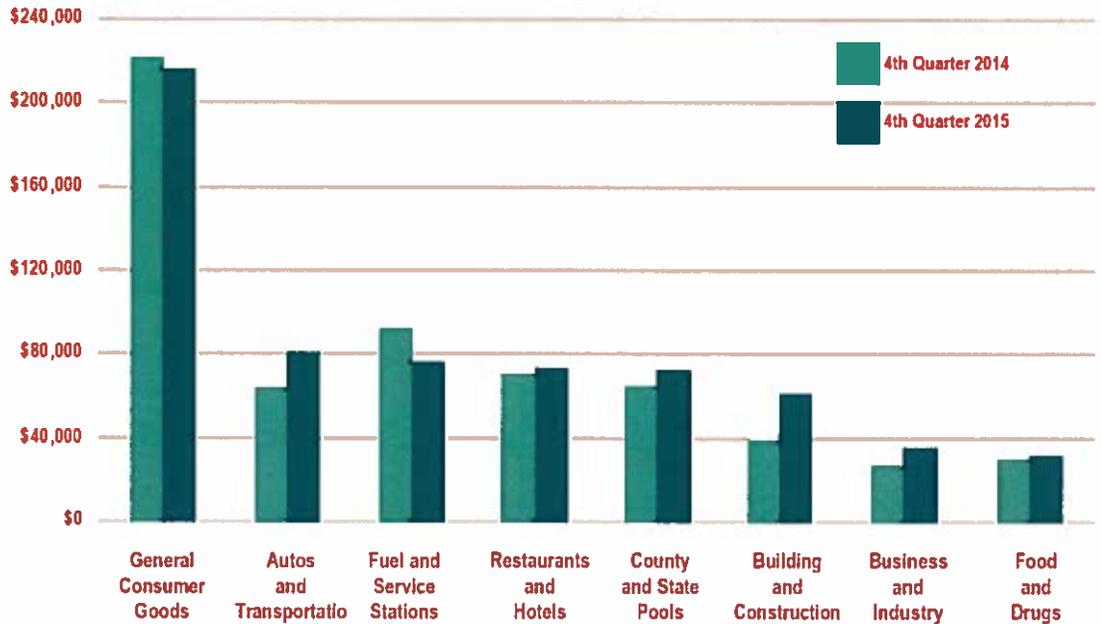
The City also benefitted from the recent addition of a business-industrial merchant and continued steady interest in local restaurants. Increased online transactions and capital purchases for energy projects were largely responsible for the 12% growth in allocations from the countywide use tax pool, further contributing to the positive results.

For the fifth straight quarter, weak global demand for crude oil caused lower retail gas prices and therefore decreased revenue from service stations.

The City's voter approved transaction tax, Measure B, generated an additional \$348,312, a 18.7% increase compared to the prior year.

Net of aberrations, taxable sales for all of Shasta County grew 2.8% over the comparable time period; the Far North region was up 4.5%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Ace Hardware	Payless Building Supply
B & B RV	Pendleton Woolen Mills
Boot Barn	Rite Aid
Camping World RV	Safeway
Coast Tank Line	Safeway Fuel
Dollar Tree	Shell
Ecogreen Industries	Systems Plus Lumber
Factory Outlet Shell	Taco Bell
Handisport Market	Tower Mart
Les Schwab Tire Center	Tractor Supply Company
Lonnie Albert List	Walmart
McDonalds	
O'Reilly Auto Parts	
Outdoor Creations	

## REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$1,680,480	\$1,718,616
County Pool	189,247	202,646
State Pool	1,408	1,890
<b>Gross Receipts</b>	<b>\$1,871,135</b>	<b>\$1,923,152</b>
Less Triple Flip*	\$(467,784)	\$(480,788)
<b>Measure B</b>	<b>\$293,347</b>	<b>\$1,000,952</b>

Published by HdL Companies in Spring 2016

www.hdlcompanies.com | 888.861.0220



**California Overall**

Excluding accounting aberrations, local sales and use tax receipts from the fourth quarter of 2015 ended 2.6% above 2014's holiday quarter.

Solid returns for autos, RVs, building materials and most categories of restaurants were the primary contributors to the statewide increase. The growth in online shopping for merchandise shipped from out-of-state continued to raise countywide use tax allocation pool revenues.

The gains were largely offset by a 13.2% drop in tax receipts from service stations and other fuel-related expenditures. Except for value price clothing and shoes, most categories of general consumer goods were flat or down, reflecting heavy price discounting to reduce excess holiday inventories and the impact of the strong dollar on international tourist spending.

With some exceptions, particularly in the areas of computers and agricultural chemicals, overall receipts from business and industrial expenditures were also down primarily due to cutbacks in capital spending by energy producers and manufacturers of exported goods, equipment and raw materials.

Intense competition and price pressures resulted in only modest gains in receipts from grocers and pharmacists with the largest increase in this group coming from liquor stores and marijuana dispensaries.

HdL's most recent economic consensus forecast anticipates similar modest gains through 2016 with an eventual peak in auto sales replaced by strong sales of building and construction materials for home improvement and new housing. A recovery in tax receipts from fuel is not expected until the end of the year.

**The Triple Flip Is Over!**

Beginning with taxes collected in January and forward, local governments will again receive their full share of Bradley-Burns sales and use tax reve-

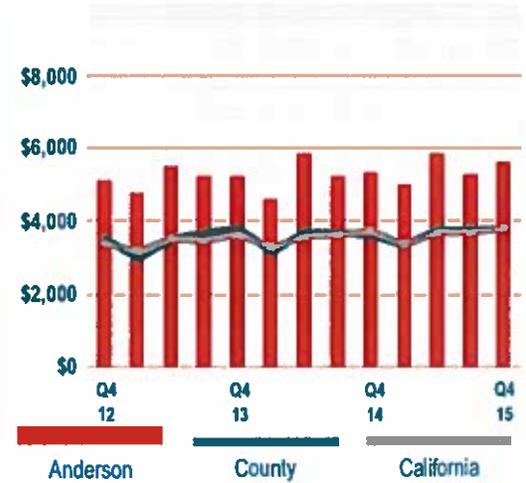
nues thus ending an eleven-year program known as the Triple Flip.

The program began in 2004 when voters approved a \$15 billion bond issue to cover operating deficits resulting from a combination of that year's economic downturn plus failure to offset the loss of revenue from the Governor's popular reduction in the 65-year-old, 2% Motor Vehicle In-Lieu Tax.

The State retained 25% of local sales tax to guarantee the bonds, reimbursed local governments from monies meant for schools and replaced the money taken from schools with state general funds thus creating what became known as the Triple Flip. The financing scheme resulted in interest payments totaling \$4.8 billion, plus another \$200 million in administrative fees while creating new budget challenges for local governments.

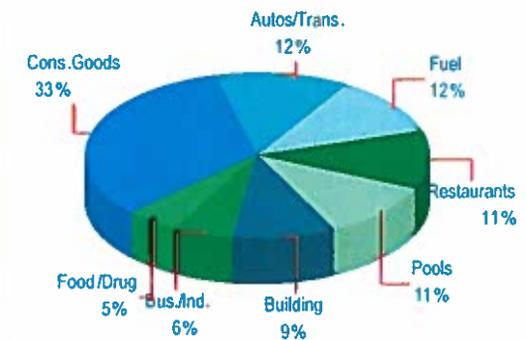
It also resulted in voter passage of constitutional amendment Proposition 1A that bars state tampering with local sales and use tax revenues in the future.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

Anderson This Quarter



**ANDERSON TOP 15 BUSINESS TYPES**

Business Type	Anderson		County	HdL State
	Q4 '15	Change	Change	Change
Automotive Supply Stores	17,036	-6.1%	83.9%	5.3%
Casual Dining	22,646	9.4%	0.2%	6.1%
Contractors	27,448	111.2%	20.0%	11.3%
Discount Dept Stores	— CONFIDENTIAL —	—	1.6%	3.0%
Drug Stores	— CONFIDENTIAL —	—	-1.0%	1.2%
Electronics/Appliance Stores	8,746	-0.3%	7.6%	0.6%
Family Apparel	21,412	10.4%	6.2%	3.9%
Garden/Agricultural Supplies	— CONFIDENTIAL —	—	21.6%	16.3%
Grocery Stores Liquor	— CONFIDENTIAL —	—	-3.4%	0.5%
Heavy Industrial	11,692	-17.4%	8.2%	-5.9%
Lumber/Building Materials	— CONFIDENTIAL —	—	4.7%	10.1%
Quick-Service Restaurants	43,377	2.0%	1.2%	7.9%
Service Stations	71,042	-17.9%	-15.4%	-10.5%
Shoe Stores	— CONFIDENTIAL —	—	-1.7%	4.8%
Trailers/RVs	54,400	47.8%	45.1%	23.5%
<b>Total All Accounts</b>	<b>577,125</b>	<b>5.7%</b>	<b>3.6%</b>	<b>2.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>73,133</b>	<b>12.3%</b>	<b>10.0%</b>	<b>10.8%</b>
<b>Gross Receipts</b>	<b>650,258</b>	<b>6.4%</b>	<b>4.2%</b>	<b>3.5%</b>