

# Q2 2008



# Yuba City Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2008)

## Yuba City In Brief

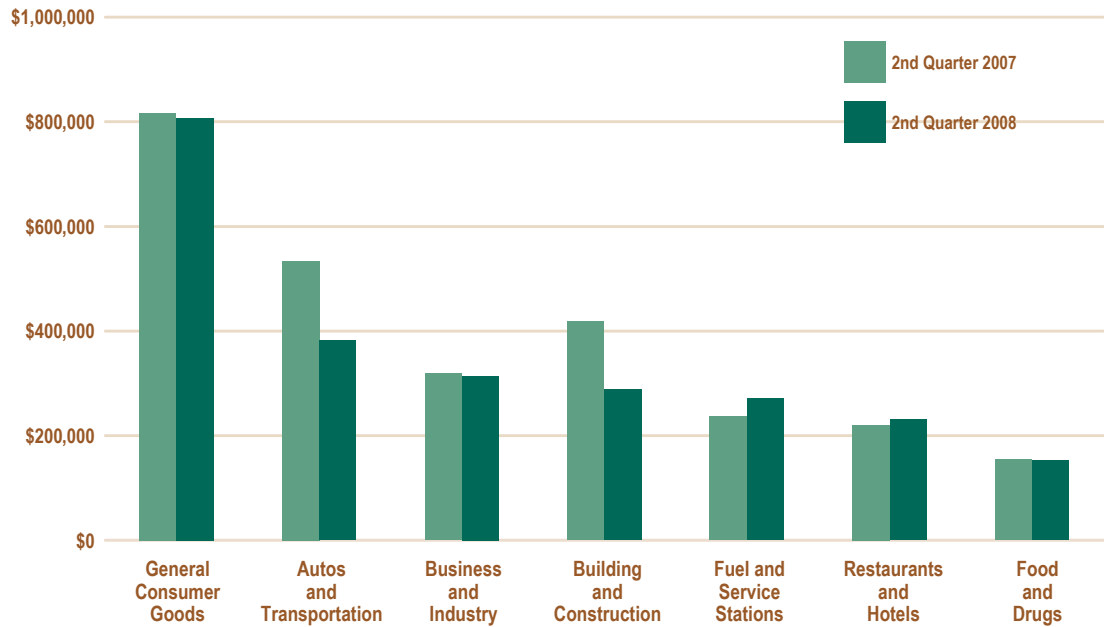
Receipts for Yuba City's April through June sales were 9.8% lower than the same quarter one year ago. Actual sales activity was down 7.7% when reporting aberrations were factored out.

The decline in sales of new motor vehicles, contractors, department stores, and lumber/building materials track the decreases evidenced in many areas of the state. In addition, the city experienced a decline in sales of home furnishings and garden/agricultural supplies. Accounting adjustments skewed the comparison for trailers/RVs.

Higher fuel prices and late payments in the year ago period inflated allocations in the Fuel & Service Stations sector. The city experienced a strong sales quarter for discount department stores. Recent additions helped boost revenues from family apparel and restaurants without alcohol. Receipts from farm/construction equipment and restaurants with beer/wine were temporarily inflated by the double-up of previously late payments.

Adjusted for aberrations, taxable sales for all of Sutter County declined 8.4% over the comparable time period, while the Sacramento region as whole was down 7.6%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

1st Stop Gas	Quality RV
Colusa Gray	Quik Stop
Dawson Oil	Sams Club
Dow Lewis Motors	Sears
Gottschalks	Target
Holt of California	Tower Mart
Home Depot	United Agri Products
JC Penney	Valley Truck & Tractor
John Taylor Fertilizers	Wal Mart
Kohls	Wheeler Chevrolet
Larry Geweke Ford	Cadillac Mazda Jeep
Lowes	Winco Foods
Orchard Supply Hardware	Yuba City Toyota Lincoln Mercury

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2007-08	2008-09
<b>Point-of-Sale</b>	\$2,698,404	\$2,447,332
<b>County Pool</b>	268,173	231,013
<b>State Pool</b>	2,537	(636)
<b>Gross Receipts</b>	<b>\$2,969,115</b>	<b>\$2,677,709</b>
<b>Less Triple Flip*</b>	<b>\$(742,279)</b>	<b>\$(669,427)</b>

\*Reimbursed from county compensation fund

**Statewide Sales Decline Continues**

After adjusting for accounting aberrations, California's taxable sales for April through June declined four percent from the same quarter of 2007.

The losses were felt throughout California although recent store openings in Yolo County and fuel-related purchases in San Francisco, San Mateo and Kern Counties allowed those specific regions to give the appearance of overall gains. Generally, the Sacramento/Stockton, Riverside/San Bernardino and Solano County areas had more severe declines than the rest of the state.

Double digit declines in auto and building-related sales continued to be the primary contributors to the decrease. Another quarter of record increases in fuel prices provided a significant offset to the losses in other business categories.

The spring sales data suggest that consumers are shopping down to lower priced goods and restaurant meals with fewer discretionary purchases. Although consumer electronics reported modest gains, the only other positive categories were discount department stores and value priced family apparel.

**The News is Not Getting Better**

Local agencies will not see the results of their July through September sales until the end of December. However, preliminary data from various government and trade association surveys indicate that taxable sales will continue to fall.

Auto manufacturers are reporting another quarter of double digit declines and most industry analysts are pushing their predictions for an auto sales recovery out to 2010.

Retailers of apparel and general consumer goods are reporting sluggish fall sales and disappointment in the back to school buying season which failed to live up to expectations raised by the

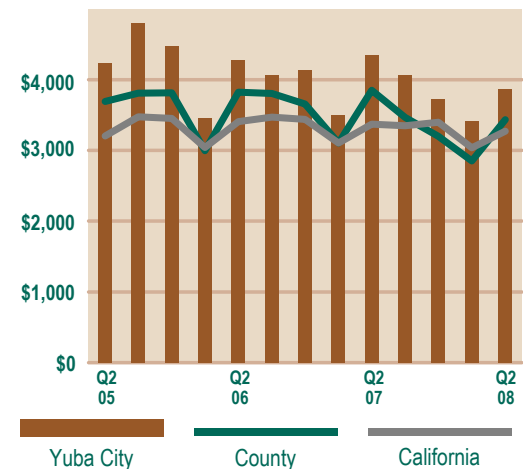
federal tax rebate stimulus. Latest predictions are for the lowest holiday spending since 1991.

Despite the federal credit rescue, liquidations of commercial real estate debt and continued housing oversupply make an immediate recovery in construction activity unlikely. Although institutional and public projects will help, a significant recovery in sales tax from building-related goods and services is not expected until after 2010.

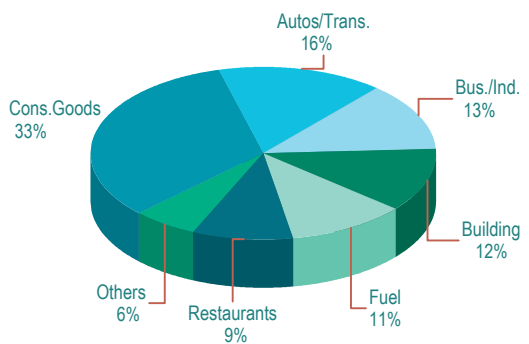
With some of California's biggest overseas markets going into recession, sales tax from business spending on capital equipment, supplies and fuel is also expected to level off. OPEC has cut production quotas to hold prices up against falling demand.

Every agency's sales tax revenues will differ with the makeup of its specific base and some agencies with new projects will be buffered from declines in other areas. However, for the state as a whole, current forecasts are for a downturn that may last through fiscal year 2009/2010.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Yuba City This Quarter



**YUBA CITY TOP 15 BUSINESS TYPES**

Business Type	Yuba City		County	HdL State
	Q2 '08*	Change	Change	Change
Discount Dept Stores	\$390.9	5.2%	5.2%	3.9%
New Motor Vehicle Dealers	228.1	-24.9%	-20.7%	-18.7%
Service Stations	206.4	13.3%	25.3%	18.3%
Lumber/Building Materials	195.6	-29.4%	-28.3%	-17.1%
Restaurants No Alcohol	115.7	7.3%	9.7%	-2.6%
Farm/Construction Equip.	92.1	9.5%	-21.0%	-10.2%
Grocery Stores Liquor	87.5	-0.4%	-5.8%	2.3%
Department Stores	73.6	-10.6%	-10.6%	-9.6%
Restaurants Liquor	73.0	0.9%	0.1%	3.4%
Family Apparel	71.0	5.2%	5.2%	4.8%
Specialty Stores	70.9	-7.1%	-17.3%	-2.2%
Garden/Agricultural Supplies	69.7	-14.1%	-9.3%	-7.0%
Petroleum Prod/Equipment	64.2	29.1%	34.5%	47.2%
Home Furnishings	58.4	-2.4%	-2.2%	-14.0%
Contractors	46.6	-41.3%	-40.9%	-17.1%
<b>Total All Accounts</b>	<b>\$2,447.3</b>	<b>-9.3%</b>	<b>-9.0%</b>	<b>-1.9%</b>
<b>County &amp; State Pool Allocation</b>	<b>230.4</b>	<b>-14.9%</b>		
<b>Gross Receipts</b>	<b>\$2,677.7</b>	<b>-9.8%</b>		<i>*In thousands</i>