

Q4  
2008



# Yuba City Sales Tax *Update*

*First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2008)*

## Yuba City In Brief

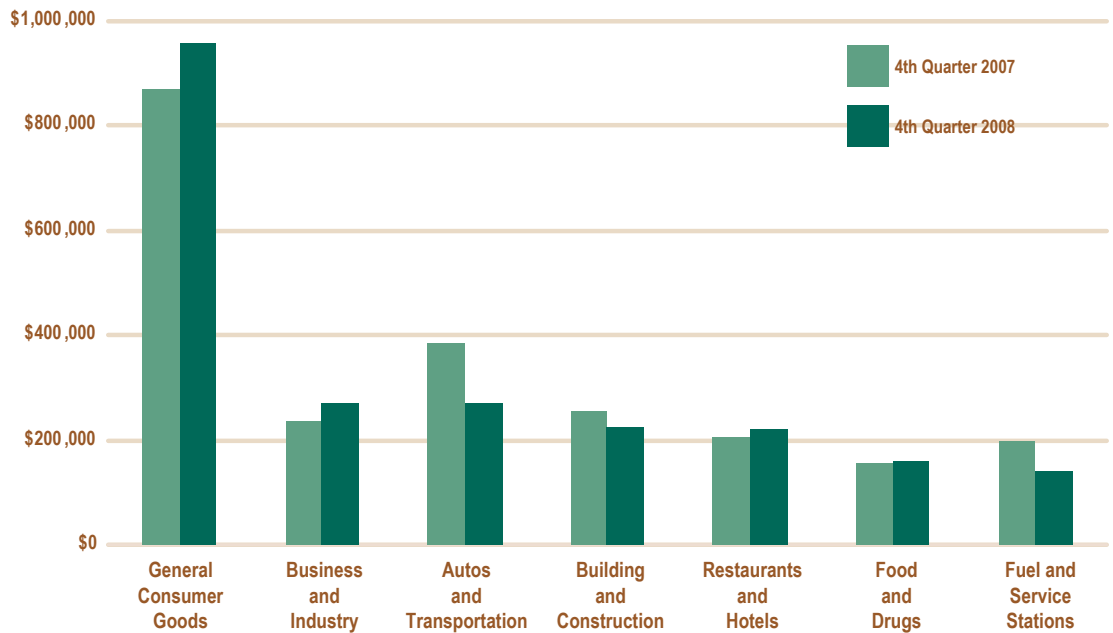
The allocation from Yuba City's October through December sales tax was 3.5% less than a year ago.

Lower fuel prices and decreased sales from new auto dealers, grocery stores with liquor, specialty stores and restaurants with beer and wine were partially responsible for the decrease. A recent closeout reduced revenues from department stores.

The losses were offset by increased sales from family apparel, heavy industrial and farm construction/equipment. Recent additions helped boost revenues from restaurants with no alcohol and restaurants with liquor. Comparisons of discount department stores, lumber/building materials, home furnishings and electronics/appliance stores were temporarily inflated by onetime accounting adjustments.

Adjusted for reporting aberrations, taxable sales for Sutter County decreased 10.8% over the comparable time period while the Sacramento Region as a whole was down 11.6%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

1st Stop Gas	Sams Club
Bel Air Supermarket	Sears
Dawson Oil	Target
Dow Lewis Motors	Tower Mart
Gottschalks	Toys R Us
Holt of California	Valley Truck & Tractor
Home Depot	Wal Mart
JC Penney	Walgreens
K Mart	Wheeler Chevrolet
Kohls	Cadillac Mazda
Larry Geweke Ford	Jeep
Lowes	Winco Foods
Orchard Machinery	Yuba City Toyota
Ross	Lincoln Mercury

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2007-08	2008-09
<b>Point-of-Sale</b>	\$7,535,700	\$6,942,531
<b>County Pool</b>	867,403	744,769
<b>State Pool</b>	3,248	2,885
<b>Gross Receipts</b>	<b>\$8,406,351</b>	<b>\$7,690,185</b>
<b>Less Triple Flip*</b>	\$ (2,101,588)	\$ (1,922,546)

\*Reimbursed from county compensation fund

### Statewide Sales Sink!

Adjusted for accounting aberrations, point of sale receipts from October through December sales were 13.1% lower than the same quarter of 2007. The revenues generated in this holiday quarter were the lowest since 2003.

The declines occurred in all categories of sales except fast food restaurants and grocery stores and were experienced in all counties and regions. Of particular significance were the 23% decline in receipts from petroleum related businesses which resulted from declining prices and consumption, a 37% drop in revenues from new car sales, and a 14.6% decrease in sales tax allocations from building and construction materials.

Tax revenues from general consumer goods were down 10.4% from the 2007 holiday quarter while business to business sales were 9.0% lower.

This was the sixth consecutive quarter of lower statewide allocations. Trade association surveys indicate that January through March sales will be equally dismal. The latest HdL consensus forecast estimates that fiscal 2008/2009 sales and use tax revenues will be 8.8% below the prior year.

Most economists believe that the recession will not bottom out until late 2009 and significant recovery will not occur before 2011/2012.

### New Sales Tax Rate

Article 13A of the state constitution authorizes the state legislature to increase taxes other than property by a two thirds vote. This allowed the 2008/2009 state budget compromise which temporarily increases the state portion of the sales and use tax rate by 1.0% from April 1, 2009 to July 1, 2011. The increase will be extended for one additional year if voters approve Proposition 1A, the state spending cap measure on the May ballot.

This brings California's top combined sales, transactions and use tax rate to

10.25%, except in Los Angeles County, where on July 1, 2009 the maximum possible rate becomes 10.75% as an additional one-half cent tax passed by that county's voters in November takes effect. Only two agencies in California will reach the highest rate.

Economists disagree on how consumers will react to a double digit sales tax. The actual impact may be difficult to distinguish from sales lost due to current economic conditions and record low consumer confidence.

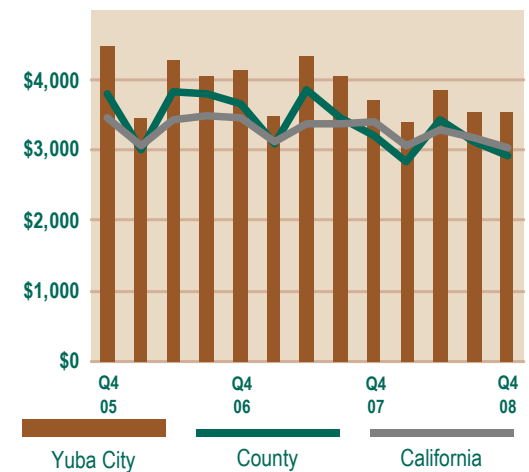
In preparing their revenue projections, the State Department of Finance assumed that the additional one cent tax would result in a one percent loss in future purchases.

### Stimulus Package Benefits

The American Recovery and Reinvestment Act of 2009 will send an estimated \$31 billion to the state. Roughly one third will be used to backfill state budget cutbacks in education and other programs, another third for new state spending and the final third for grants made on a competitive basis. Near-

term benefits most likely to boost retail spending include "Making Work Pay" tax credits to boost payroll checks, extending and increasing unemployment insurance payouts, and allowing buyers of new vehicles purchased between February 17th and December 31st to deduct state sales tax from their federal income tax. Analysts warn that for the short term, these benefits will do little more than slow the economy's descent.

### SALES PER CAPITA



### YUBA CITY TOP 15 BUSINESS TYPES

Business Type	Yuba City		County	HdL State
	Q4 '08*	Change	Change	Change
Discount Dept Stores	\$437.7	32.9%	32.9%	-3.3%
Lumber/Building Materials	159.6	11.7%	13.3%	-12.4%
New Motor Vehicle Dealers	157.6	-33.8%	-35.6%	-36.4%
Restaurants No Alcohol	129.4	17.3%	15.7%	1.3%
Service Stations	117.6	-24.6%	-72.4%	-23.1%
Department Stores	111.2	-9.4%	-9.5%	-7.6%
Farm/Construction Equip.	102.3	39.1%	6.7%	-11.7%
Family Apparel	94.7	2.5%	2.6%	-3.6%
Grocery Stores Liquor	89.4	-0.3%	-5.4%	0.7%
Specialty Stores	76.1	-7.3%	-9.5%	-7.2%
Home Furnishings	63.5	1.3%	1.2%	-20.1%
Restaurants Liquor	52.3	1.1%	10.9%	-1.0%
Heavy Industrial	44.8	31.8%	-37.8%	-1.0%
Electronics/Appliance Stores	44.1	4.9%	4.9%	-13.0%
Restaurants Beer And Wine	36.9	-17.6%	-18.4%	-6.7%
<b>Total All Accounts</b>	<b>\$2,246.0</b>	<b>-3.0%</b>	<b>-7.1%</b>	<b>-10.3%</b>
<b>County &amp; State Pool Allocation</b>	<b>253.9</b>	<b>-7.2%</b>		
<b>Gross Receipts</b>	<b>\$2,499.8</b>	<b>-3.5%</b>		<i>*In thousands</i>