

Q4
2010



Yuba City Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2010)

Yuba City In Brief

Revenues for sales occurring October through December were 5.3% higher than the same quarter last year.

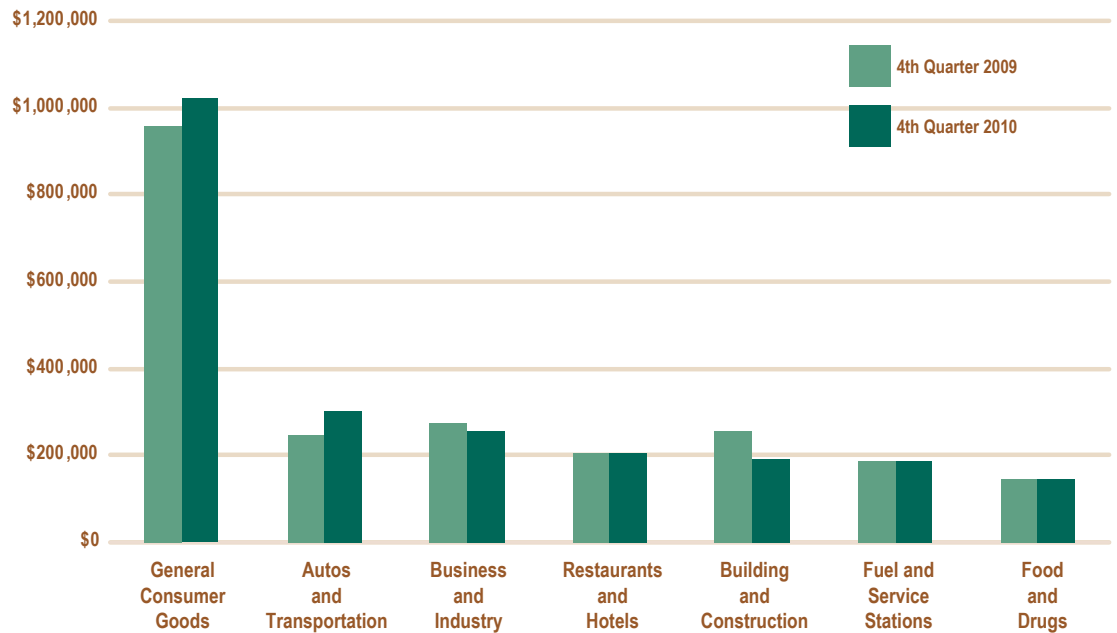
The gain in the department store, discount department store and shoe store groups was inflated by allocation deviations. However, holiday sales rose for apparel and electronics.

New auto sales continued a three quarter upward trend while an increase in the countywide use tax allocation pool contributed to the overall rise in gross receipts.

A decline for warehouse/farm/construction equipment pulled down business to business returns. The overall decrease in lumber/building materials was exaggerated by a temporary payment anomaly. A payment disruption offset the rise in service stations due to higher fuel prices.

Adjusted for reporting aberrations, taxable sales for all of Sutter County including its cities gained 5.5% over the comparable time period while the Sacramento region as a whole was up 4.0%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Colusa Gray	Sams Club
Dawson Oil	Sears
Dow Lewis Motors	Target
Food 4 Less	Toys R Us
Holt of California	Tractor Supply
Home Depot	Valley Truck & Tractor
JC Penney	Walgreens
K Mart	Walmart
Kohls	Wheeler Chevrolet
Larry Geweke Ford	Cadillac Mazda
Lowe's	Jeep
Marshalls	Winco Foods
Quik Stop	Yuba City Toyota
Ross	Scion

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$6,566,598	\$6,740,074
County Pool	753,973	729,792
State Pool	6,395	3,466
Gross Receipts	\$7,326,966	\$7,473,332
Less Triple Flip*	\$(1,831,742)	\$(1,868,333)

*Reimbursed from county compensation fund

Statewide Sales Increase!

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter of 2010 were 7.3% higher than the same quarter one year ago. This represents the fourth straight quarter of growth and the largest percentage increase since the third quarter of 2005.

Higher fuel prices and usage, robust sales of new autos and rebounds in restaurants and general consumer goods helped boost overall receipts. Capital purchases of business equipment and labor-saving technology were especially strong in the Bay Area and Southern California. A onetime use tax payment for alternative energy equipment added to San Joaquin Valley's pooled use tax totals. Excluding accounting aberrations the state's strongest regions were the San Joaquin Valley +12.5%, the Bay Area +7.7% and the Central Coast +7.1%.

Some Problems Remain

Although recent better than expected improvements in the state's labor markets suggest the rebound is gaining momentum, most economists believe the unemployment rate will remain in double-digits through 2012.

The large volume of unsold residential, commercial and office properties will continue to suppress new construction spending and be a drag on the economy through 2012-13. Soaring oil prices and budget cutbacks by state and local governments will have a short-term negative impact on economic growth.

Post tsunami problems in Japan are likely to cause supply shortages of autos, auto parts and various electronic components. However, the depth and duration of the impact remains unclear at this time.

Green Energy Exemptions

SB 71, which was pushed through the Legislature as one of last year's budget deals, authorizes the previously ob-

scure California Alternative Energy & Advanced Transportation Financing Authority (CAEATFA) to grant sales and use tax exemptions of state and local sales, use and transactions taxes for "green manufacturing" projects. There is no cap on the value of exemptions CAEATFA may approve but the Legislature must be notified if they exceed \$100 million annually.

Through March, CAEATFA has approved 28 projects exempting almost \$961 million in qualified property that would have generated about \$87.5 million statewide using an average tax rate of 9.1%. Local government losses are expected to exceed \$19 million.

Although approved projects are located in various areas of the state, Santa Clara and Alameda Counties have been the most impacted thus far.

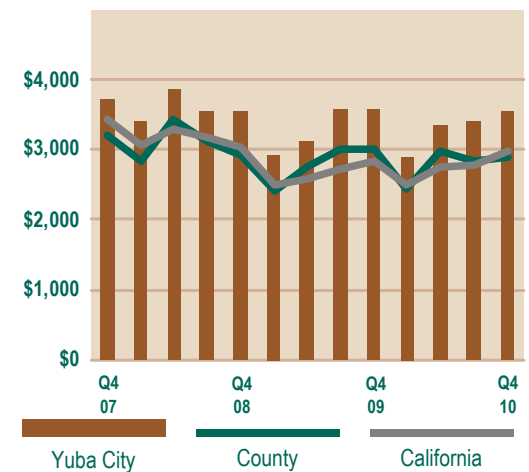
Renewable Energy Exemptions

In late February the CAEATFA Board of Directors postponed expansion of the exemption program with a proposed \$50 million sales and use tax exemption program for renewable

energy generation projects until early 2012 pending a better understanding of the state's fiscal condition. Industry lobbyists are pushing for a much larger program than CAEATFA originally planned.

Local governments will not be notified of applications that could affect their revenues. However, agenda notices can be obtained by visiting <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

SALES PER CAPITA



YUBA CITY TOP 15 BUSINESS TYPES

Business Type	Yuba City		County	HdL State
	Q4 '10*	Change	Change	Change
Department Stores	94.4	31.0%	31.0%	2.6%
Discount Dept Stores	488.3	7.6%	7.6%	2.2%
Electronics/Appliance Stores	57.6	9.1%	9.3%	8.8%
Family Apparel	118.4	5.6%	5.6%	5.8%
Garden/Agricultural Supplies	36.0	7.0%	26.9%	1.0%
Grocery Stores Liquor	88.5	-2.7%	-2.1%	4.7%
Heavy Industrial	35.7	4.5%	-53.9%	1.1%
Home Furnishings	46.2	-17.8%	-16.1%	5.8%
Lumber/Building Materials	139.1	-30.2%	-30.5%	-14.6%
New Motor Vehicle Dealers	184.6	25.5%	22.8%	14.4%
Restaurants Liquor	58.1	19.8%	14.4%	7.9%
Restaurants No Alcohol	121.0	-2.3%	-2.5%	5.6%
Service Stations	153.6	-2.1%	10.2%	13.1%
Specialty Stores	71.3	-4.8%	-6.6%	7.5%
Warehse/Farm/Const. Equip.	93.9	-14.6%	-15.5%	5.3%
Total All Accounts	\$2,316.7	1.4%	-0.4%	5.8%
County & State Pool Allocation	249.3	63.3%		
Gross Receipts	\$2,566.0	5.3%		<i>*In thousands</i>