

# Q3 2015



# City of Dixon Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2015)

## Dixon In Brief

Dixon's receipts from July through September were 17.6% below the third sales period in 2014. Excluding reporting aberrations, actual sales were down 10.6%.

A misallocated payment, lower sales in some categories, and a business closeout caused a sharp decrease in autos and transportation and accounted for almost half of the drop in receipts. Payment aberrations in the current and comparative quarters from contractors and multiple business and industry categories further contributed to the overall decline.

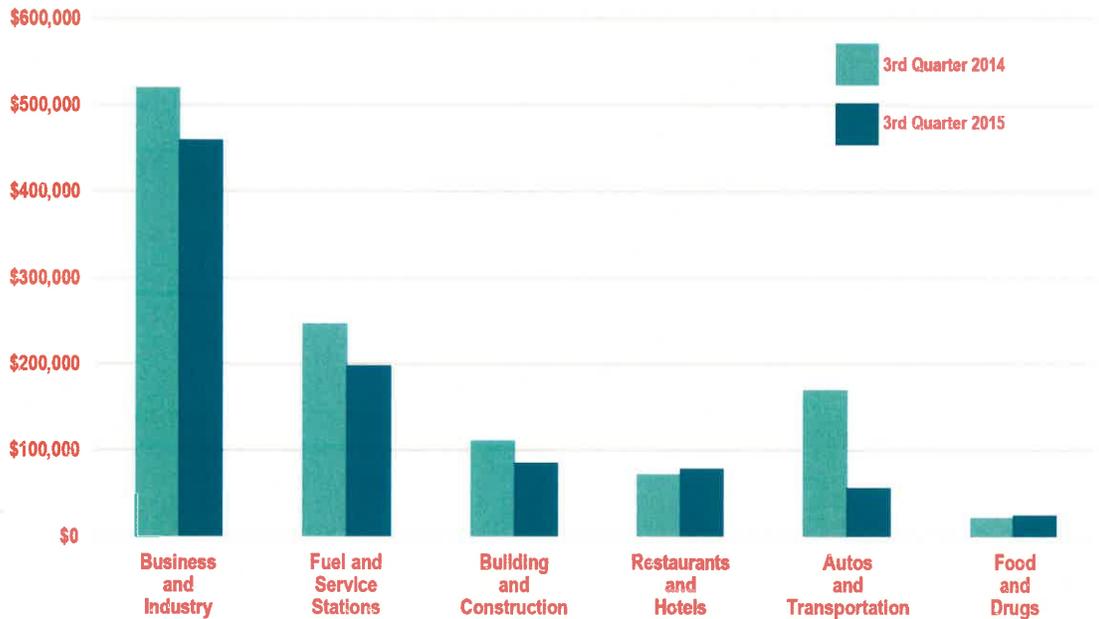
Continued lower gasoline prices produced another drop in fuel and service station receipts.

The city's allocation from the countywide use tax pool decreased 4.7% during the quarter as a result of these losses.

General consumer goods posted a modest increase while a new outlet and minor sales gains from existing stores boosted food and drugs. Restaurants continued to do well as quick service and casual dining eateries posted strong sales.

Net of aberrations, taxable sales for all of Solano County grew 3.0% over the comparable time period; the Bay Area was up 3.1%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Air Perfection	Gymboree
Altec Industries	KUIU
Arco AM PM	McDonalds
Basalite Concrete Products	Ramos Oil
Baxter Healthcare	Ron Du Pratt Ford
Cardinal Health 200	Safeway
Carlisle Construction Materials	Safeway Fuel
Cattlemens	Tractor Supply
Chevron	Valero
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Gill & Sidhu Sons	Valley Truck & Tractor
Global Rental	Walmart
Gone Fishin Marine	

## REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$2,414,752	\$2,157,916
County Pool	295,016	298,905
State Pool	1,747	1,166
<b>Gross Receipts</b>	<b>\$2,711,514</b>	<b>\$2,457,987</b>
Less Triple Flip*	\$(677,878)	\$(614,497)

\*Reimbursed from county compensation fund

**Statewide Results**

The local share of sales and use tax revenues from the summer sales quarter were up 2.4% over last year's comparable quarter after adjusting for payment aberrations.

New and used auto sales and leases continued to exhibit solid gains and were the primary contributor to the quarter's statewide growth. The countywide allocation pools were the second largest contributors to the overall gain, boosted by increased online sales activity. The state's travel and tourism industry contributed to a robust increase in receipts from restaurants and hotels. Recovering building and construction activity was also significant with an 8.6% increase over the comparison period.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the fourth consecutive quarter.

Overall performance was similar throughout most regions of the state, however the effect of lower fuel prices significantly dampened results in portions of the San Joaquin Valley.

**Online Retail Sales Continue to Outpace Brick & Mortar Stores**

Fourth quarter tax results will not be available until March but preliminary reports indicate holiday purchases from some brick and mortar stores are flat or down from 2014, while the volume of online shopping has set new records.

Although stores are not in danger of disappearing, the trend has many retail chains considering long-term plans for smaller "showroom" units with less square footage, employees, and in-store inventory.

HdL's statewide sales tax database for the first three quarters of 2015 shows that online orders for general consumer goods rose 17.6% over the first three quarters of 2014, while the overall sales gains at brick and mortar stores grew a modest 2.2%.

**New Restrictions on Tax Sharing Agreements**

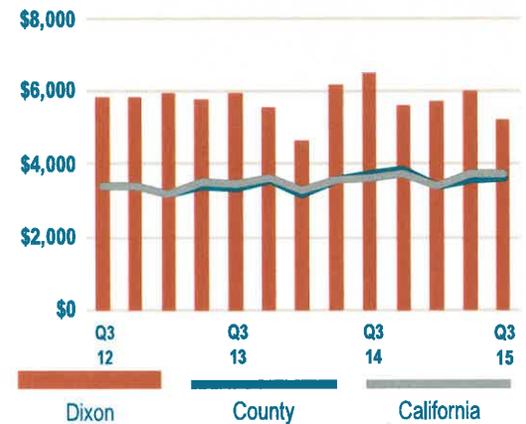
Tax rebates are subject to additional restrictions and reporting requirements in 2016.

Newly adopted Government Code Section 53084.5 prohibits tax sharing agreements that reduce another agency's sales tax if the business generating the tax continues to maintain a physical presence in the losing agency's jurisdiction.

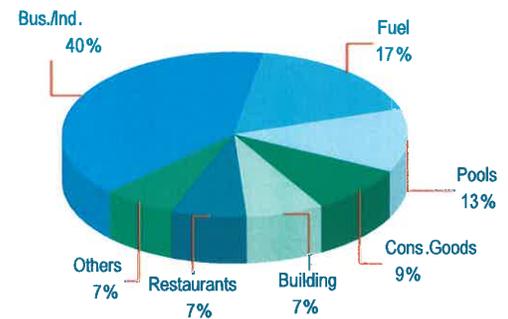
The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial statements with periods beginning after December 15, 2015.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Dixon This Quarter



**DIXON TOP 15 BUSINESS TYPES**

*\*In thousands of dollars*

Business Type	Dixon		County	HdL State
	Q3 '15*	Change	Change	Change
Automotive Supply Stores	12.4	-24.9%	6.3%	5.9%
Boats/Motorcycles	—	CONFIDENTIAL	2.1%	11.7%
Casual Dining	37.0	15.5%	8.2%	5.3%
Contractors	76.1	-26.5%	3.9%	13.0%
Discount Dept Stores	—	CONFIDENTIAL	3.5%	2.1%
Fulfillment Centers	—	CONFIDENTIAL	7.6%	-8.4%
Garden/Agricultural Supplies	—	CONFIDENTIAL	-11.5%	2.6%
Grocery Stores Liquor	—	CONFIDENTIAL	2.3%	3.8%
Heavy Industrial	—	CONFIDENTIAL	-13.9%	6.2%
Medical/Biotech	—	CONFIDENTIAL	2.6%	-0.5%
Petroleum Prod/Equipment	—	CONFIDENTIAL	-2.8%	-28.1%
Quick-Service Restaurants	40.3	6.3%	4.6%	6.8%
Repair Shop/Equip. Rentals	—	CONFIDENTIAL	4.8%	3.7%
Service Stations	125.0	-18.4%	-21.4%	-11.8%
Warehse/Farm/Const. Equip.	—	CONFIDENTIAL	-17.3%	6.1%
<b>Total All Accounts</b>	<b>1,003.8</b>	<b>-19.1%</b>	<b>-1.2%</b>	<b>2.3%</b>
<b>County &amp; State Pool Allocation</b>	<b>144.1</b>	<b>-5.1%</b>	<b>15.9%</b>	<b>3.5%</b>
<b>Gross Receipts</b>	<b>1,147.9</b>	<b>-17.6%</b>	<b>0.6%</b>	<b>2.4%</b>