

Q4 2015



City of Dixon Sales Tax Update

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

Dixon In Brief

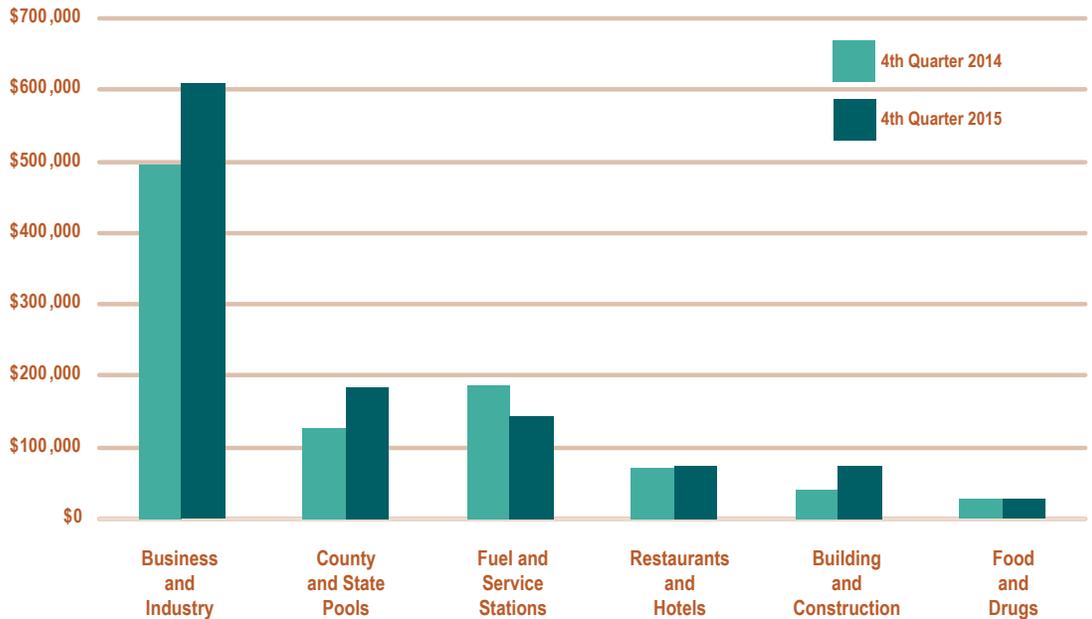
Dixon's receipts from October through December were 17.7% above the fourth sales period in 2014. Excluding reporting aberrations, actual sales were up 13.1%.

Retail sales of manufactured equipment boosted receipts for the business/industry group while the auto/transportation group benefitted from increased vehicle sales. Contractors also saw an increase in activity this quarter lifting building/construction receipts. An increase in the size of the countywide use tax pool caused the county's allocation to increase by 44%. Rounding out the gains were restaurants which saw an overall increase in sales this period.

Weak global demand for crude oil was responsible for falling fuel prices that depressed service station receipts yet again.

Net of aberrations, taxable sales for all of Solano County grew 4.6% over the comparable time period; the Bay Area was up 3.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Air Perfection	Global Rental
Altec Industries	Gone Fishin Marine
Arco AM PM	Gymboree
Basalite Concrete Products	Ramos Oil
Baxter Healthcare	Du Pratt Ford
Cardinal Health 200	Safeway
Carlisle Construction Materials	Safeway Fuel
Cattlemens	Texaco
Chevron	Tractor Supply
Chevron	Valero
Design Space Modular Buildings	Valley Truck & Tractor
Dorset Valero	Walmart
	Wilbur Ellis Company

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$3,484,189	\$3,381,772
County Pool	420,045	479,528
State Pool	2,907	3,960
Gross Receipts	\$3,907,140	\$3,865,259
Less Triple Flip*	\$(976,785)	\$(966,315)

*Reimbursed from county compensation fund

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.

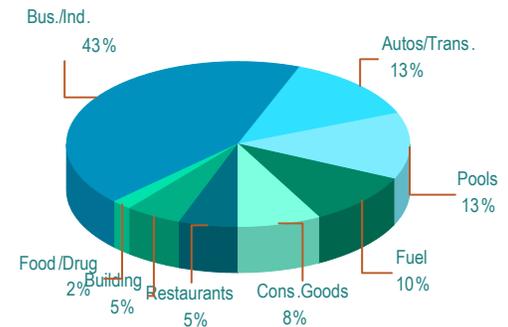
It also resulted in voter passage of constitutional amendment Proposition 1A that bars state tampering with local sales and use tax revenues in the future.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Dixon This Quarter



DIXON TOP 15 BUSINESS TYPES

Business Type	<i>*In thousands of dollars</i>			
	Dixon Q4 '15*	Change	County Change	HdL State Change
Boats/Motorcycles	— CONFIDENTIAL —	—	19.5%	8.3%
Casual Dining	35.7	7.0%	5.9%	6.0%
Contractors	66.3	102.5%	8.2%	11.1%
Discount Dept Stores	— CONFIDENTIAL —	—	4.6%	3.0%
Fulfillment Centers	— CONFIDENTIAL —	—	9.2%	-5.0%
Garden/Agricultural Supplies	— CONFIDENTIAL —	—	28.1%	16.3%
Grocery Stores Liquor	— CONFIDENTIAL —	—	1.8%	0.5%
Heavy Industrial	— CONFIDENTIAL —	—	28.2%	-5.3%
Medical/Biotech	— CONFIDENTIAL —	—	-12.1%	-3.9%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	14.7%	7.9%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	-71.8%	-30.0%
Quick-Service Restaurants	39.0	4.9%	7.1%	7.9%
Repair Shop/Equip. Rentals	— CONFIDENTIAL —	—	34.3%	1.9%
Service Stations	104.5	-14.2%	-10.6%	-10.5%
Warehouse/Farm/Const. Equip.	— CONFIDENTIAL —	—	44.8%	1.8%
Total All Accounts	1,223.9	14.4%	-0.1%	2.4%
County & State Pool Allocation	183.4	45.4%	26.9%	10.8%
Gross Receipts	1,407.3	17.7%	2.7%	3.5%