

# Q1 2017



# City of Dixon Sales Tax Update

Second Quarter Receipts for First Quarter Sales (January - March 2017)

## Dixon In Brief

Dixon's receipts from January through March were 71.9% above the first sales period in 2016. Excluding reporting aberrations, actual sales were up 59.4%.

For the second consecutive quarter, business and industry had extraordinary performance; this 152% increase is attributable to a sales surge from an industrial supplier that opened last year coupled with improved results from several business of various types within this group.

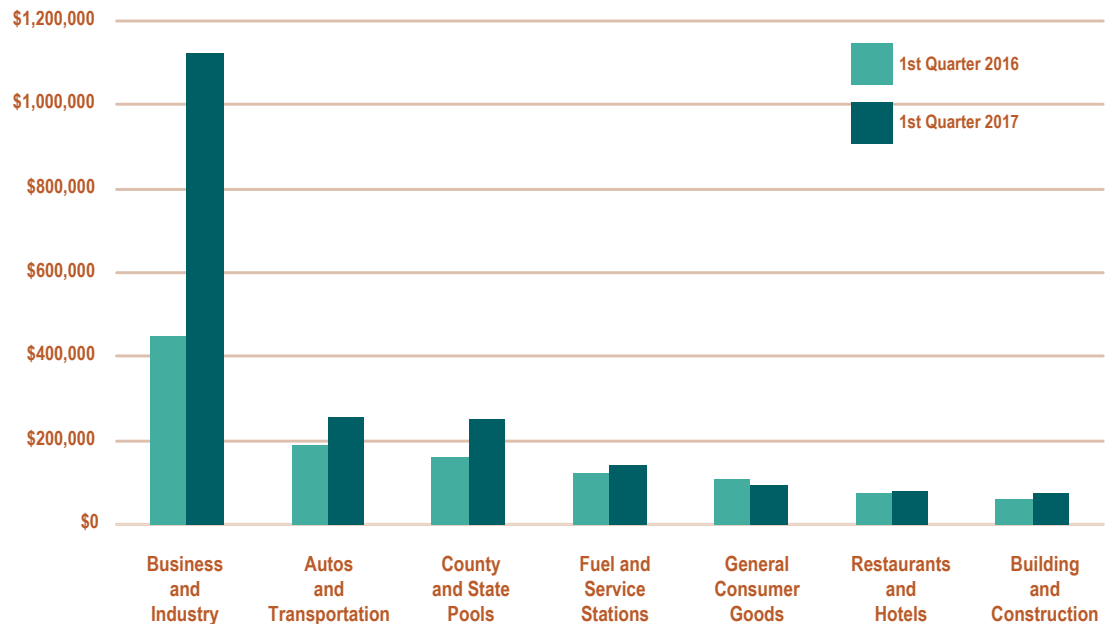
Given the growth in quarterly point of sale receipts, the City's share of the countywide use tax pool allocation increased proportionately by 74%, overshadowing an actual decline in total revenues; the net outcome being \$92,768 more from the pool than the prior year.

Strong consumer demand for various types of vehicles and supplies pushed up sales in the autos and transportation classification. The winter months kept contractors busy; most merchants reported steady growth.

Long awaited fuel price increases finally arrived, boosting service station returns. A payment anomaly in the prior year quarter pulled down general consumer goods.

Net of aberrations, taxable sales for all of Solano County grew 2.7% over the comparable time period; the Bay Area was up 1.9%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Napa Auto Parts
Air Perfection	Powerscreen
Altec Industries	Ramos Oil
Arco AM PM	Ron Du Pratt Ford
Basalite Concrete Products	Safeway
Baxter Healthcare	Safeway Fuel
Cardinal Health 200	SEC Auto Solutions
Carlisle Construction Materials	Texaco
Cattlemens	Tractor Supply
Chevron	Valley Truck & Tractor
Global Rental	Walmart Supercenter
Gone Fishin Marine	Wilbur Ellis
Gymboree	

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2015-16	2016-17
Point-of-Sale	\$4,413,419	\$7,132,133
County Pool	639,150	988,737
State Pool	3,285	6,006
<b>Gross Receipts</b>	<b>\$5,055,855</b>	<b>\$8,126,876</b>
Less Triple Flip*	\$(966,315)	\$0

\*Reimbursed from county compensation fund

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**Statewide Results**

Local tax receipts from January through March sales were 2.1% higher than the first quarter of 2016 after factoring for accounting anomalies.

Rising fuel prices, auto sales, county use tax pool allocations and dining out added most to the overall gain. Some general consumer goods and B2B sales were flat or down.

This quarter reflects the start of an anticipated leveling off of future tax revenues. After seven years of recovery, analysts are reporting an end to the previous pent-up demand for autos. Demand for new cars will ease due to more buyers tied to long-term loans and a glut of used cars coming off lease.

Price competition and store closures have reduced tax receipts from consumer goods. Business investment remains strong but much of the growth is for non-taxable items such as cloud computing and large data solutions. Declines in foreign tourist visits and lower costs of eating at home are expected to slow the growth in restaurant sales.

**New Sales Tax Organization**

As of July 1, the operating divisions responsible for allocation of tax revenues other than property, insurance and alcoholic beverages will shift from the State Board of Equalization (BOE) to the Governor's new Department of Tax and Fee Administration.

The BOE was first established by constitutional amendment in 1879 to oversee property tax assessment practices by all counties in the state. It eventually became responsible for other tax revenues including sales, insurance, corporate franchise and special fees.

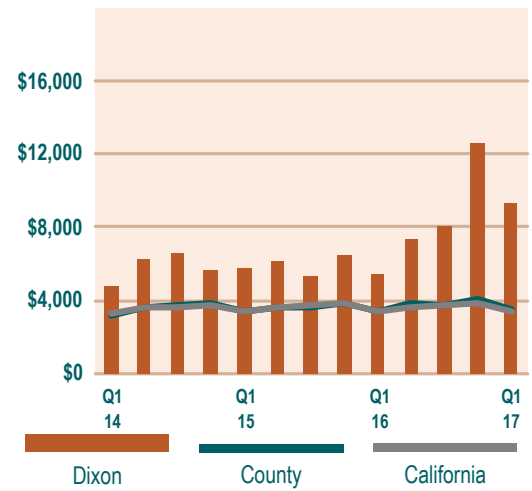
In 2011, HdL detected discrepancies in the BOE's allocation of public safety revenues which led to the recovery of over \$124 million in revenues for counties. Subsequent audits by the State

Controller and State Department of Finance revealed further shortcomings. The result was the passage of budget trailer bill SB86/AB102 that reduces the BOE to its previous constitutionally defined functions.

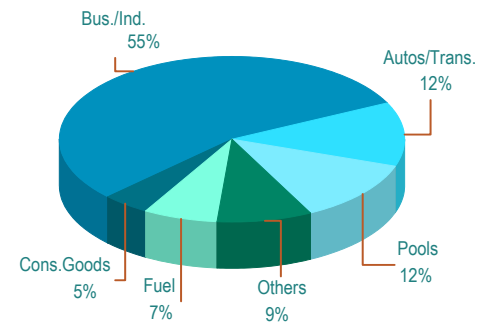
The BOE is also empowered to hear appeals and disputes over tax assessments including sales/use, personal income and corporate taxes and is the only elected Tax Board in the United States that hears tax disputes. Effective January 1, 2018, that function will be turned over to a new Office of Tax Appeals (OTA) composed of panels of administrative law judges appointed by the Governor with locations in Sacramento, Fresno and Los Angeles.

For functions other than the appeal process, this is primarily a reshuffling of existing personnel so the change will have little impact on local agencies. However, the issue of local government's ability to provide input regarding future policy and regulation changes that impact revenues remains under discussion. HdL will share more about the BOE transition as details become available in the weeks ahead.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Dixon This Quarter



**DIXON TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	Dixon Q1 '17*	Change	County Change	HdL State Change
Automotive Supply Stores	25.7	66.7%	6.3%	0.0%
Boats/Motorcycles	— CONFIDENTIAL —	—	4.8%	1.0%
Casual Dining	38.6	1.3%	1.6%	0.4%
Contractors	68.8	27.4%	2.6%	-4.0%
Discount Dept Stores	— CONFIDENTIAL —	—	3.9%	1.6%
Fulfillment Centers	— CONFIDENTIAL —	—	1.2%	1.6%
Garden/Agricultural Supplies	32.3	7.3%	-1.0%	-1.3%
Heavy Industrial	— CONFIDENTIAL —	—	-25.1%	3.2%
Medical/Biotech	— CONFIDENTIAL —	—	15.8%	-0.1%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	-10.8%	4.4%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	260.1%	51.9%
Quick-Service Restaurants	39.6	1.1%	3.8%	4.6%
Service Stations	105.3	10.2%	10.6%	9.9%
Trailers/Auto Parts	— CONFIDENTIAL —	—	85.1%	-9.8%
Warehse/Farm/Const. Equip.	— CONFIDENTIAL —	—	34.5%	1.5%
<b>Total All Accounts</b>	<b>1,795.2</b>	<b>74.0%</b>	<b>4.1%</b>	<b>1.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>251.7</b>	<b>58.4%</b>	<b>-5.3%</b>	<b>2.9%</b>
<b>Gross Receipts</b>	<b>2,047.0</b>	<b>71.9%</b>	<b>2.8%</b>	<b>1.9%</b>