

# Q2 2015



# City of Dixon Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (April - June 2015)

## Dixon In Brief

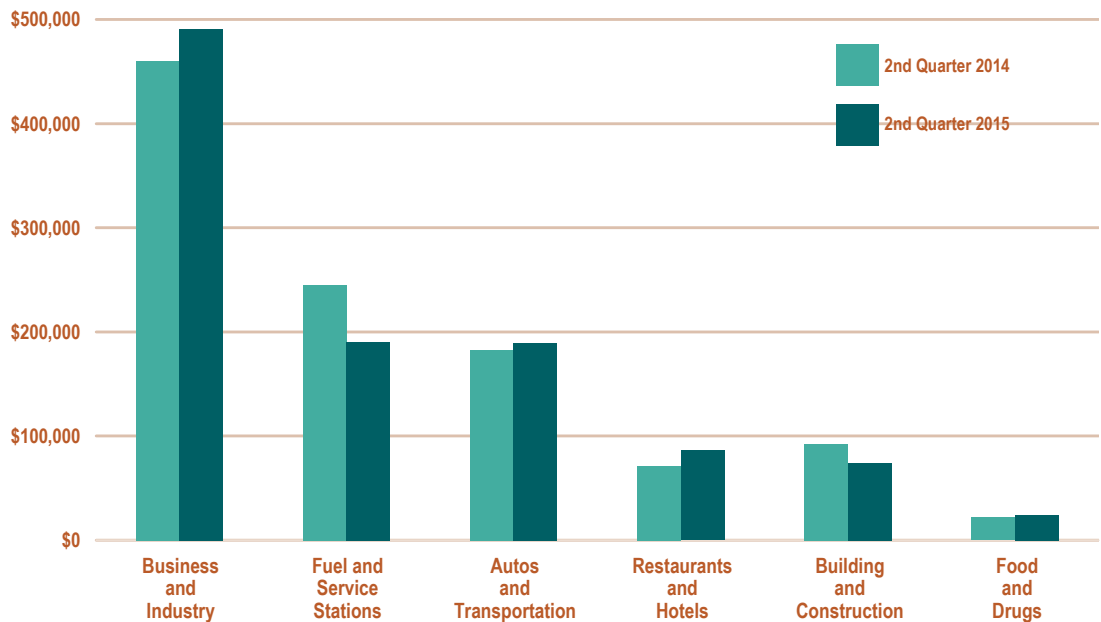
Dixon's receipts from April through June were 0.7% below the second sales period in 2014. Excluding reporting aberrations, actual sales were down 2.5%.

For the fourth straight quarter, weak global demand for crude oil caused lower retail gas prices which decreased revenue from service stations. A retroactive payment that inflated the prior year combined with a sluggish sales quarter hurt building-construction results.

The losses were partially offset by improved activity from multiple business-industrial suppliers and auto-transportation merchants. A retroactive accounting adjustment and continued consumer interest in eating out at casual dining establishments lifted restaurant receipts.

Net of aberrations, taxable sales for all of Solano County grew 2.9% over the comparable time period; the Bay Area was up 3.9%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Air Perfection	Ramos Oil
Altec Industries	Ron Du Pratt Ford
Basalite Concrete Products	Safeway
Cardinal Health	Safeway Fuel
Cattlemens	SEC Auto Solutions
Dixon Arco	Sidhu Chevron
Dixon Chevron	Tacos El Verduzco
Dorset Valero	Tractor Supply
Gill & Sidhu Sons	Valero
Global Rental	Valley Truck & Tractor
Gone Fishin Marine	Walmart
Gymboree	Wilbur Ellis
McDonalds	

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$1,173,834	\$1,154,160
County Pool	144,046	154,993
State Pool	896	975
<b>Gross Receipts</b>	<b>\$1,318,775</b>	<b>\$1,310,128</b>
<b>Less Triple Flip*</b>	<b>\$(329,694)</b>	<b>\$(327,532)</b>

\*Reimbursed from county compensation fund

**Statewide Sales Tax Trends**

Excluding accounting aberrations, the local one cent share of statewide sales occurring April through June was 3.4% higher than the comparable quarter of 2014.

Receipts from the countywide use tax allocation pools accounted for the largest portion of the increase reflecting a continuing shift in consumer preferences from brick and mortar stores to online shopping for merchandise shipped from out of state.

Sales and leases of new cars continued to post impressive gains as did contractor supplies and restaurants. Overall gains were offset by a 17.1% decline in receipts from service stations and petroleum related industries.

**The Remaining Fiscal Year**

The state's unemployment rate continues to decline and real disposable income is expected to grow 2.5% to 3.0% in the second half of 2015. This improvement in incomes coupled with easy credit conditions should stimulate an increase in housing starts as well as capital investment in equipment, alternate energy and technology.

The auto industry is anticipating continuing strong sales until tapering to more sustainable levels in 2016-2017. Building and construction, the only retail segment yet to return to pre-recession levels, is gaining momentum in several regions and is expected to account for 10% of sales tax growth in the second half of the fiscal year.

Restaurant sales continue to rise although there are some concerns that the strong dollar may impact sales in areas that cater to tourists from abroad. Gains from consumer goods are expected to be modest with the strong dollar cutting prices of imported goods and an ongoing shift in consumer spending from tangible goods to services, entertainment and other non-taxable purchases.

Gasoline prices remain well below the previous year due to a worldwide glut

of oil. Barring unexpected supply or refinery disruptions, prices are expected to trend lower through the first half of 2015-16 but begin rebounding in the second half.

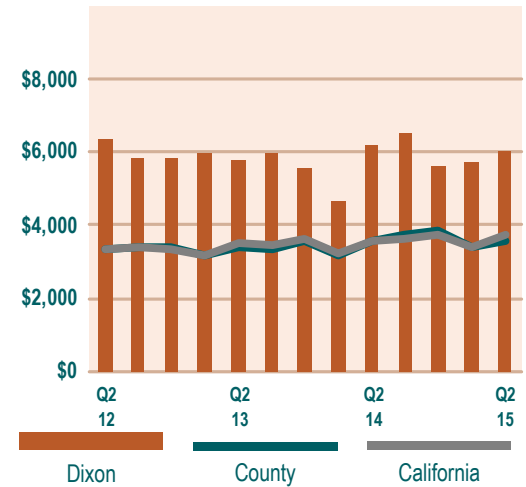
**Internet Sales Tax Proposal**

HR 2775 (The Remote Transaction Parity Act) is a new proposal by Representative Jason Chaffetz (R-Utah) authorizing states to require remote sellers without physical presence in their state to collect state and local sales tax from in-state buyers.

The bill currently has 52 sponsors and attempts to address objections to elements of the Marketplace Fairness Act that preceded it. The proposal provides for a three year phase in for small businesses, prohibits auditing remote sellers with annual sales under \$5 million, and requires states to provide software to enable remote sellers to collect and remit their tax.

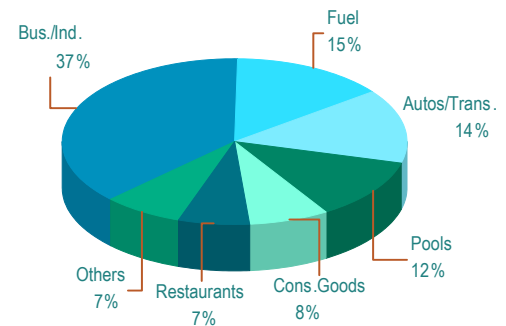
The Board of Equalization estimates that local governments in California currently lose approximately \$44 per capita in uncollected sales and use tax on e-commerce purchases.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

Dixon This Quarter



**DIXON TOP 15 BUSINESS TYPES**

Business Type	*In thousands of dollars			
	Dixon Q2 '15*	Change	County Change	HdL State Change
Automotive Supply Stores	17.6	4.6%	6.1%	5.5%
Boats/Motorcycles	— CONFIDENTIAL —	—	-2.4%	6.2%
Casual Dining	46.4	36.8%	11.0%	6.0%
Contractors	64.6	-23.2%	32.8%	14.3%
Discount Dept Stores	— CONFIDENTIAL —	—	1.8%	-0.1%
Fulfillment Centers	— CONFIDENTIAL —	—	14.6%	20.5%
Garden/Agricultural Supplies	— CONFIDENTIAL —	—	9.8%	7.4%
Heavy Industrial	— CONFIDENTIAL —	—	-22.8%	11.6%
Medical/Biotech	— CONFIDENTIAL —	—	0.6%	-4.4%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	5.9%	9.2%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	-98.0%	-23.2%
Quick-Service Restaurants	38.6	4.4%	-0.4%	9.2%
Service Stations	128.5	-17.2%	-5.1%	-11.7%
Trailers/Auto Parts	— CONFIDENTIAL —	—	-1.4%	22.5%
Warehse/Farm/Const. Equip.	— CONFIDENTIAL —	—	16.6%	1.2%
<b>Total All Accounts</b>	<b>1,154.2</b>	<b>-1.7%</b>	<b>1.5%</b>	<b>2.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>156.0</b>	<b>7.6%</b>	<b>11.1%</b>	<b>11.8%</b>
<b>Gross Receipts</b>	<b>1,310.1</b>	<b>-0.7%</b>	<b>2.6%</b>	<b>3.8%</b>