

Q2 2017



City of Dixon Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (April - June 2017)

Dixon In Brief

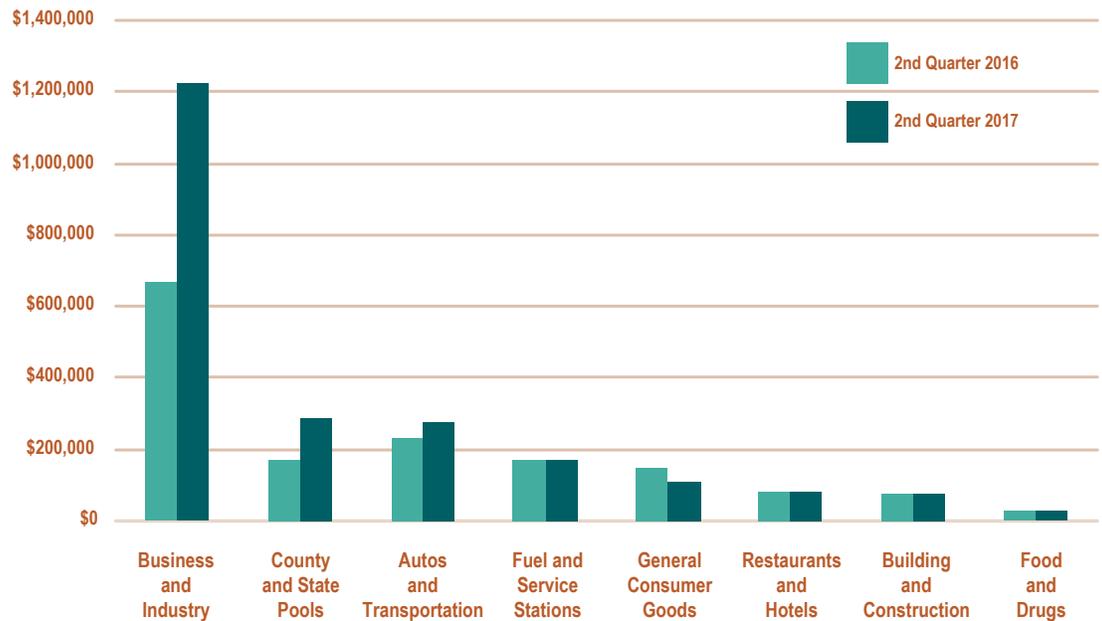
Dixon's receipts from April through June were 43.0% above the second sales period in 2016. Excluding reporting aberrations, actual sales were up 45.4%.

The city's sales tax receipts continue to reflect significant growth which will begin to follow normal trends in the near future. The large increase in the quarterly tax amounts is causing the city's allocation from the county-wide use tax pool to grow significantly as well. Once the city's quarterly tax trends stabilize, future changes in the pool allocations will be less dramatic.

Restaurants reported a gain in receipts that was substantially offset by the prior closure of one dining venue. The general consumer goods' results reflect a misallocation of taxes in the prior year that has negatively skewed results for this period. The misallocated taxes have since been returned.

Net of aberrations, taxable sales for all of Solano County grew 5.6% over the comparable time period; the Bay Area was up 2.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	KUIU
Air Perfection	Powerscreen
Altec Industries	Ramos Oil
Arco AM PM	Ron Du Pratt Ford
Basalite Concrete Products	Safeway
Cardinal Health 200	Safeway Fuel
Cattlemens	SEC Auto Solutions
Chevron	Texaco
Design Space Modular Buildings	Tractor Supply
Dorset Valero	Valley Truck & Tractor
Global Rental	Walmart Supercenter
Gone Fishin Marine	Wilbur Ellis
Gymboree	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2016-17	2017-18
Point-of-Sale	\$1,404,886	\$1,968,126
County Pool	171,266	287,847
State Pool	481	(1,038)
Gross Receipts	\$1,576,632	\$2,254,935
Less Triple Flip*	\$0	\$0

*Reimbursed from county compensation fund

California Overall

Local government's one-cent share of statewide sales and use tax from transactions occurring April through June was 3.2% higher than the same quarter of 2016 after payment aberrations are factored out.

The largest percentage increases were from the countywide allocation pools, building supplies and rising fuel prices. Auto sales and restaurants continued to post solid gains. Except for value priced apparel and dollar stores, most categories of general consumer goods were down or flat with the growth in online shopping shifting tax receipts to in-state distribution centers or to the countywide allocation pools.

Receipts from business and industrial transactions were lower than last year's comparable quarter because of declines in new alternative energy projects. Agricultural and new technology related purchases exhibited healthy gains as did sales of warehouse and construction equipment. Most other categories were down from 2016.

Where does the Money Go?

E-commerce, technology and changing consumer preferences have retailers undergoing a dizzying transformation as they compete for customers through online websites, mobile apps, home delivery, social media, pop-up/flex stores and pick-up lockers as well as traditional brick and mortar businesses.

The changes in how goods are inventoried, sold and delivered has created some confusion in allocating local sales and use tax. However, it still involves three basic principles:

- Location where the sale is negotiated
- Location of goods at time of sale
- Ownership of goods being sold

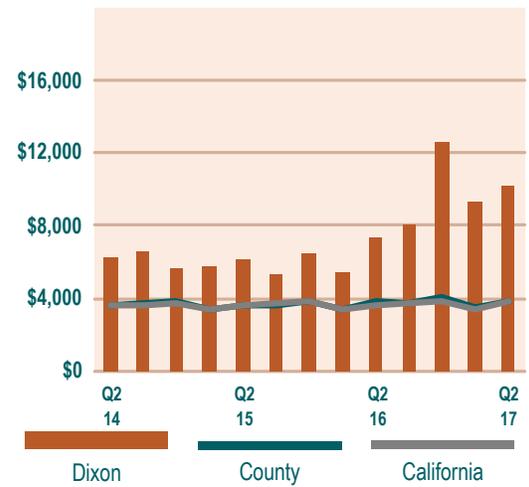
Place of sale continues to be California's primary rule for allocating local sales tax. If the inventory is owned by the seller and is located in-state, the tax goes to the location that participates in the sale, either by receiving the order or

shipping the goods. If the order is taken outside the state but the seller owns the inventory and delivers the goods from inside California, the tax is allocated to the jurisdiction where the warehouse is located. Otherwise, the tax is shared by all agencies in the county where the goods are shipped on a pro-rata basis through the county allocation pools.

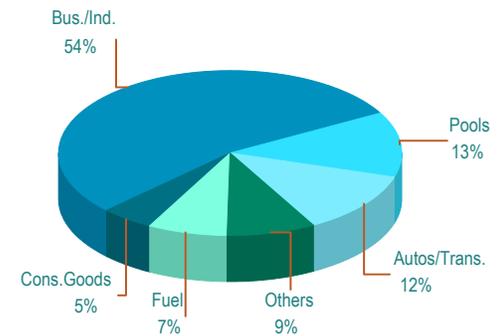
Ownership of the goods being sold is also a factor. In order for an agency to receive a direct allocation of local tax for goods shipped from a California fulfillment center, the location must be the retailer's place of business and not owned or operated by a separate legal entity. If the retailer has no place of business in California, the only opportunity for local tax is an indirect allocation through the countywide pools

For jurisdictions with transactions tax overrides, that tax goes to the place of purchase rather than the place of the seller. For example, the sales tax on the purchase of an automobile goes to the seller's location. However, the transactions tax, if any, goes to the jurisdiction where the buyer's vehicle is registered.

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
	Q2 '17*	Change	Change	Change
Boats/Motorcycles	— CONFIDENTIAL —	—	6.2%	4.6%
Casual Dining	40.3	-0.7%	5.5%	1.7%
Contractors	57.4	-7.1%	44.1%	9.8%
Discount Dept Stores	— CONFIDENTIAL —	—	4.2%	3.2%
Fulfillment Centers	— CONFIDENTIAL —	—	9.7%	53.4%
Garden/Agricultural Supplies	50.2	-1.9%	4.5%	4.4%
Heavy Industrial	157.1	-31.2%	-18.0%	0.3%
Medical/Biotech	— CONFIDENTIAL —	—	-6.1%	7.4%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	-15.9%	1.4%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	-21.3%	23.6%
Quick-Service Restaurants	42.7	5.1%	3.6%	6.0%
Repair Shop/Equip. Rentals	— CONFIDENTIAL —	—	45.8%	4.1%
Service Stations	123.5	7.4%	10.9%	8.6%
Trailers/Auto Parts	— CONFIDENTIAL —	—	112.9%	-11.4%
Warehse/Farm/Const. Equip.	— CONFIDENTIAL —	—	-2.0%	7.3%
Total All Accounts	1,968.1	40.1%	2.4%	6.4%
County & State Pool Allocation	286.8	67.0%	22.0%	-9.9%
Gross Receipts	2,254.9	43.0%	4.5%	4.1%