

# Q3 2016



# City of Dixon Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2016)

## Dixon In Brief

Dixon's receipts from July through September were 52.3% above the third sales period in 2015. Excluding reporting anomalies, actual sales were up 48.2%.

Business and industry receipts were substantially higher this quarter, reflecting an increase in retail sales for a number of outlets within the group. General consumer good sales were up 7% while dining out at quick-serve restaurants continues to be popular.

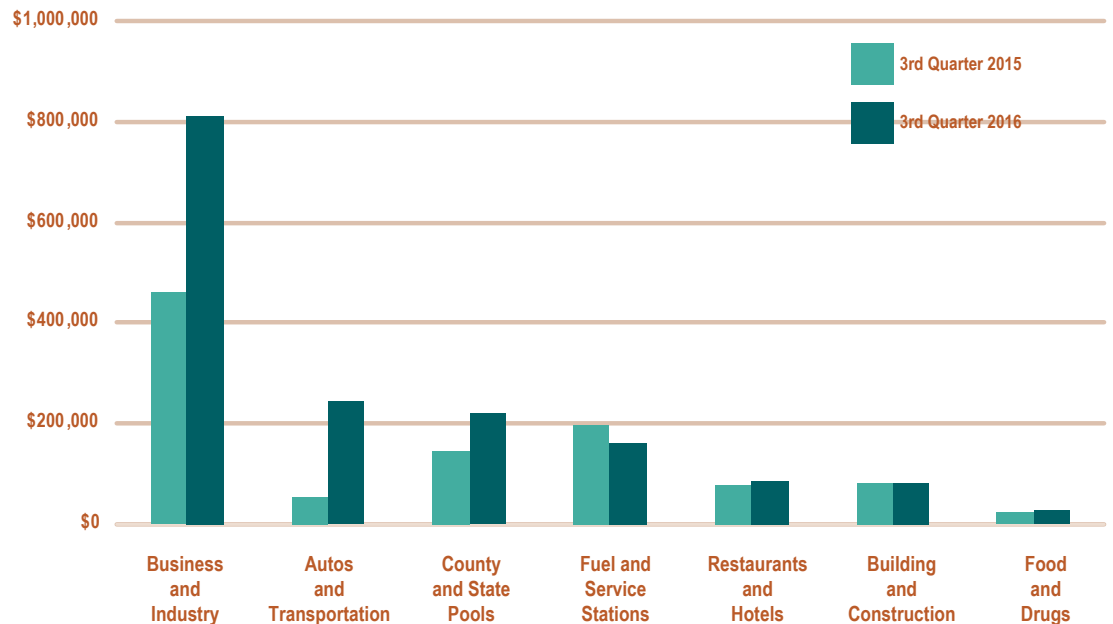
A reporting anomaly in the prior year accounted for most of the gain reported by the auto and transportation group.

A secondary benefit from the large increase in this quarter's tax amount was the increase in the City's share of the countywide use tax pool which boosted the allocation of tax received from that source.

Partially offsetting these gains was another quarter of low fuel prices which affected gas station receipts.

Net of anomalies, taxable sales for all of Solano County grew 0.4% over the comparable time period; the Bay Area was up 2.2%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Air Perfection	KUIU
Altec Industries	Powerscreen
Arco AM PM	Ramos Oil
Basalite Concrete Products	Ron Du Pratt Ford
Baxter Healthcare	Safeway
Cardinal Health 200	Safeway Fuel
Cattlemens	SEC Auto Solutions
Chevron (2)	Texaco
Design Space Modular Buildings	Tractor Supply
Dorset Valero	Walmart Supercenter
Global Rental	Wilbur Ellis
Gone Fishin Marine	
Gymboree	

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2015-16	2016-17
Point-of-Sale	\$2,157,916	\$2,931,025
County Pool	298,905	392,523
State Pool	1,166	1,010
<b>Gross Receipts</b>	<b>\$2,457,987</b>	<b>\$3,324,558</b>
Less Triple Flip*	\$(614,497)	\$0

\*Reimbursed from county compensation fund

**Statewide Results**

Statewide local sales and use taxes from transactions occurring July through September were up 1.9% over the same third sales quarter of 2015 after factoring for accounting anomalies.

The countywide use tax allocation pools contributed the largest portion of the increase reflecting the acceleration in online shopping where most orders are shipped from out-of-state. Automotive group receipts rose 5.4% over the year-ago period although more than half of the increase was from a specific electric car manufacturer. Higher returns from restaurants and sales of building/construction materials also contributed to the statewide gain.

The gains were significantly offset by a 14.6% drop in receipts from fuel and service stations and a generally flat quarter for other economic segments. General consumer goods grew less than 1%. Value priced clothing, pet shops, cosmetics and dollar stores were among the few bright spots.

Business and industrial tax revenue was down 1.9%. Relatively healthy sales of agricultural and medical/biotech supplies could not overcome the decline in new alternative energy projects and a flat quarter for most other categories.

**The Year Ahead**

The consensus from dozens of industry analysts, economic think tanks and trade associations is for a leveling off in the rate of sales tax growth that the state has enjoyed for the last six years.

Manufacturer incentives are expected to produce lower gains from new vehicle purchases through the end of 2016 and it is believed that dealers are now borrowing from 2017 sales. Vehicle sales are expected to drop in 2017-18 but the trend toward higher priced vehicles loaded with options could maintain tax revenues close to current levels.

Consumer preferences toward spending more on services rather than goods, digital downloading of previously taxable products and rising health care and housing costs will be a drag on sales of consumer

goods.

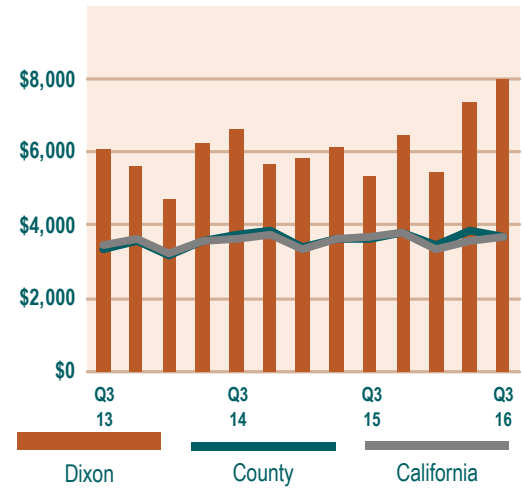
Receipts from fuel and service stations may be one of the largest gainers in 2017-18. New Middle East agreements on production caps are raising crude oil prices while California's limited refinery capacity and the trend toward less fuel-efficient SUV's and trucks have analysts believing that prices have finally leveled out and will rise through the year.

Continuing gains from restaurants are also expected although at lower than previous rates because of reduced grocery prices and the cost of eating at home. The growing strength of the dollar and recent criticisms of trade agreements and immigrants could reduce international tourism.

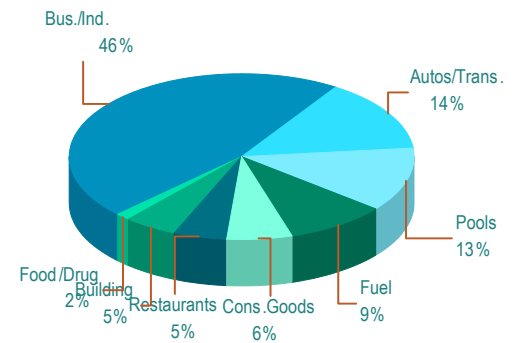
It usually takes up to two years for new stimulus programs to be reflected in sales tax receipts. As many of the coming administration's proposals related to trade, immigration, health services and the environment present potential issues for a significant number of California industries, delays in major construction projects and business/industrial investments are expected until these are sorted out.

HdL's current forecast is for a statewide increase of 2.5% in 2016-17 and 3.4% in 2017-18 compared to a year earlier.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Dixon This Quarter



**DIXON TOP 15 BUSINESS TYPES**

Business Type	<i>*In thousands of dollars</i>			
	Dixon Q3 '16*	Change	County Change	HdL State Change
Boats/Motorcycles	— CONFIDENTIAL —	—	5.1%	3.7%
Casual Dining	41.5	11.1%	4.7%	4.5%
Contractors	75.4	-1.1%	-2.3%	1.5%
Discount Dept Stores	— CONFIDENTIAL —	—	-0.1%	-0.4%
Fulfillment Centers	— CONFIDENTIAL —	—	-1.1%	19.4%
Garden/Agricultural Supplies	— CONFIDENTIAL —	—	32.2%	10.8%
Heavy Industrial	— CONFIDENTIAL —	—	43.5%	6.8%
Medical/Biotech	— CONFIDENTIAL —	—	-31.9%	7.4%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	18.3%	4.8%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	-45.2%	-23.2%
Quick-Service Restaurants	45.0	11.8%	10.2%	8.9%
Repair Shop/Equip. Rentals	— CONFIDENTIAL —	—	-2.6%	8.9%
Service Stations	115.3	-7.7%	-6.9%	-13.8%
Trailers/Auto Parts	— CONFIDENTIAL —	—	186.2%	15.0%
Warehse/Farm/Const. Equip.	— CONFIDENTIAL —	—	30.7%	3.7%
<b>Total All Accounts</b>	<b>1,526.1</b>	<b>52.0%</b>	<b>2.5%</b>	<b>0.9%</b>
<b>County &amp; State Pool Allocation</b>	<b>221.8</b>	<b>53.9%</b>	<b>3.8%</b>	<b>11.5%</b>
<b>Gross Receipts</b>	<b>1,747.9</b>	<b>52.3%</b>	<b>2.7%</b>	<b>2.2%</b>