

Q1 2019



City of Corning Sales Tax Update

Second Quarter Receipts for First Quarter Sales (January - March 2019)

Corning In Brief

Corning's receipts from January through March were 16.4% above the first sales period in 2018. Excluding reporting aberrations, actual sales were up 11.0%.

The requirement to adhere to the rules governing taxpayer confidentiality limits the amount of detail that can be shared regarding this quarter's results.

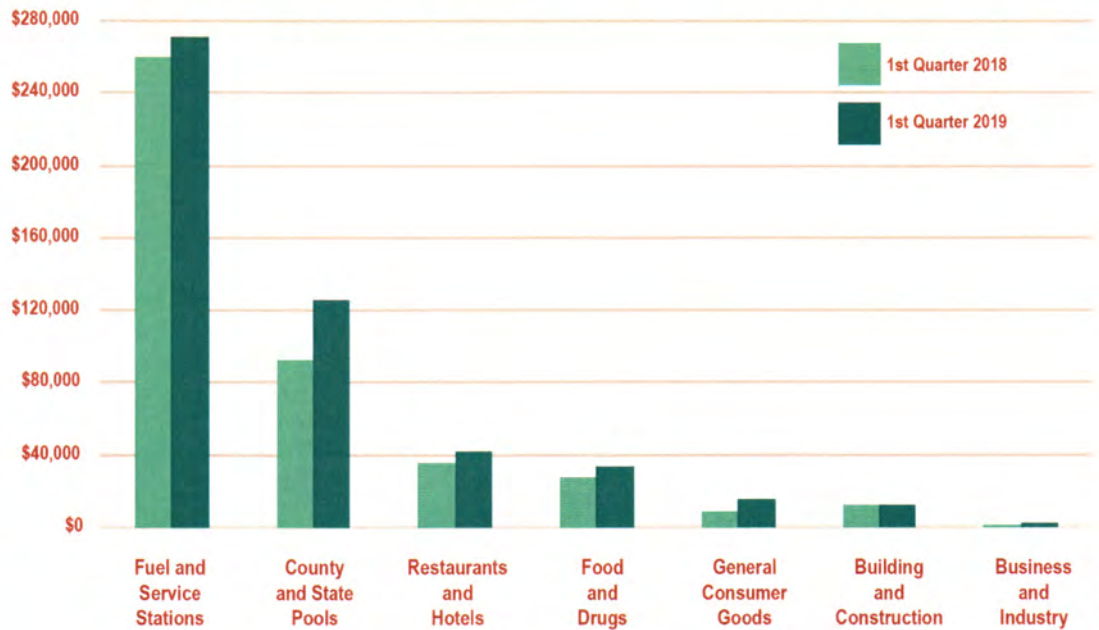
Accounting anomalies inflated results in the fuel and service station and restaurant and hotel categories which posted increases of 1.1% and 8.7%, respectively, after adjusting for the anomalies. Food and drug stores posted solid quarter.

Voter approved Measure A generated \$290,060 of revenue this quarter, also inflated by reporting irregularities.

Double payments slightly inflated results in the Tehama countywide pool. The City's pool allocation was up \$33,333.

Net of aberrations, taxable sales for all of Tehama County grew 11.3% over the comparable time period; the Far North region was up 4.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Les Schwab Tire Center
76 & Mini Mart	Loves Travel Stop
A Wireless	Marcos Pizza
AutoZone	McCoys Hardware & Farm Supply
Basra Mini Mart	McDonalds
Chevron	Napa Auto Parts
Corning Ace Hardware	Rite Aid
Corning Chevron	Safeway
Corning Ford Mercury Chrysler	Sav More
Corning Shell	Speedco California
Denny's	TA & Petro Travel Centers
Dollar General	Taco Bell
Jack in the Box	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date (Q3 to Q1)

	2017-18	2018-19
Point-of-Sale	\$2,021,820	\$2,275,496
County Pool	295,665	355,759
State Pool	1,284	1,198
Gross Receipts	\$2,318,769	\$2,632,453
Cty/Cnty Share	(231,877)	(263,245)
Net Receipts	\$2,086,892	\$2,369,208
Measure A	\$819,497	\$911,958

Statewide Results

Local sales and use tax receipts from January through March sales were 1.0% higher than the first quarter of 2018 after factoring out accounting anomalies and back payments from previous state reporting shortfalls. This was the lowest percentage increase since first quarter, 2010.

The growth came primarily from a solid quarter for purchases related to expanding logistics, medical and technology facilities and modest gains in building-construction supplies and restaurants. Cannabis sales produced a slight uptick in the food-drug group.

Lower fuel prices and declining general consumer good purchases offset the gains. The shift to internet purchases continued with online shopping accounting for 22.3% of the total general consumer goods segment versus 20.2% one year ago. Tax receipts from new car sales exhibited significant reductions although the drop was partially offset by an upswing in used autos and auto leases.

Regional changes ranged from a decline of 2.1% to gains as high as 4.4%. However, the differences were primarily attributable to onetime projects or capital purchases and not reflective of overall economic trends.

Slower Growth Ahead?

July marks ten years of continuous economic growth which is the longest period of U.S. economic expansion on record. However, analysts from a variety of economic segments are reporting signs that we may be leveling off.

This quarter marked the eighth consecutive comparative period decline in California new car registrations with analysts noting that higher prices and a growing supply of vehicles coming off lease are making used cars more attractive. They also note that on-demand services such as Uber and Lyft are making it easier for debt-burdened millennials to avoid buying cars altogether.

Rising restaurant menu prices, renewed competition from grocer prepared meals, and cutbacks in foreign tourism appear to be reducing restaurant patronage which in recent years was one of the state's fastest growth segments. There will be an uptick in the second quarter's fuel-related tax receipts because of that period's refinery shutdowns; lower crude oil costs are expected to produce subsequent declines.

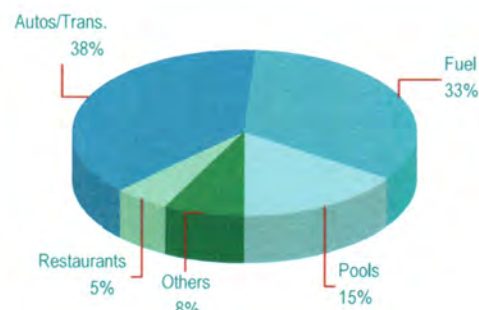
Uncertainty over U.S. tariff and trade policies plus labor shortages are delaying some investment and business expansion decisions while reduced home sales and two quarters of declining construction permit values suggest a potential future leveling in that sector. Investment in technological advances should continue and remain strong.

Economic shifts are not the only factor leveling sales tax revenues. With an economy based on intellectual technology rather than goods and consumer priorities shifting to non-taxable services and experiences, sales tax no longer reflects 21st century spending. Each year therefore, the portion of the economy that is taxed, shrinks.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Corning This Quarter



CORNING TOP 15 BUSINESS TYPES

Business Type	Corning		County	HdL State
	Q1 '19	Change	Change	Change
Auto Lease	— CONFIDENTIAL —	—	na	na
Auto Repair Shops	5,357	55.2%	13.9%	12.4%
Automotive Supply Stores	22,649	2.2%	14.2%	8.8%
Building Materials	— CONFIDENTIAL —	—	18.7%	4.0%
Casual Dining	18,195	55.6%	25.4%	13.3%
Cigarette/Cigar Stores	— CONFIDENTIAL —	—	105.9%	13.1%
Convenience Stores/Liquor	9,774	22.6%	29.1%	16.2%
Drug Stores	— CONFIDENTIAL —	—	45.2%	37.8%
Electronics/Appliance Stores	— CONFIDENTIAL —	—	44.0%	-3.2%
Grocery Stores	— CONFIDENTIAL —	—	12.7%	25.7%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	17.5%	-1.8%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	661.1%	18.3%
Quick-Service Restaurants	23,888	10.1%	15.6%	10.1%
Service Stations	268,370	4.0%	6.5%	15.8%
Variety Stores	— CONFIDENTIAL —	—	1.7%	65.5%
Total All Accounts	689,962	13.4%	16.4%	13.5%
County & State Pool Allocation	125,597	36.1%	39.7%	23.8%
Gross Receipts	815,560	16.4%	19.5%	14.9%
City/County Share	(81,556)	-16.4%		
Net Receipts	734,004	16.4%		