Q2 2019

City of Corning Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2019)

Corning In Brief

Corning's receipts from April through June sales activity were 1.1% below the second sales period in 2018. However, total cash receipts were 6.2% higher due to the comparison period's delay in receiving payments caused by the CDTFA's transition to a new reporting system in the prior year.

The confidentiality rules imposed by the CDTFA prevent a complete discussion of this period's results but a shift in county pool allocations to another jurisdiction which had a huge onetime tax increase this quarter significantly reduced Corning's allocation from the pool.

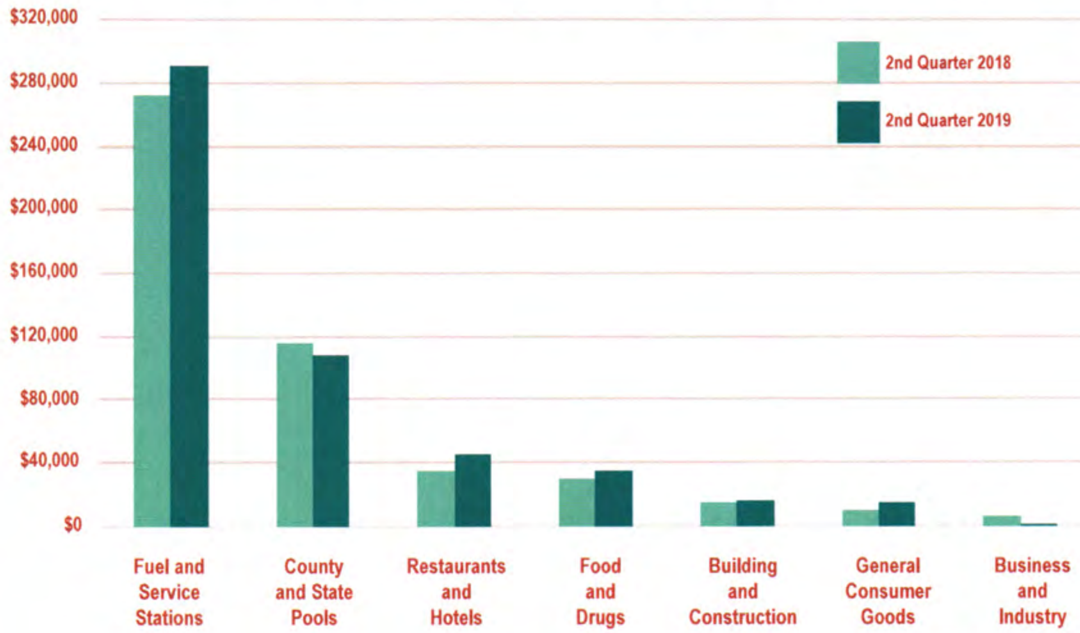
Gas station receipts were markedly lower while a missing payment from one taxpayer pulled down business and industry group receipts.

On a positive note, food and drug group results were up sharply on a percentage basis along with those of the general consumer goods group.

Measure A collected $287,843, which is 2% more than at this time last year when payment and reporting issues are discounted. Auto sales and construction activity provided the largest gains.

Net of adjustments, taxable receipts for all of Tehama County grew 23.6% over the comparable time period while those of the entire Far North region were up 6.7%.

Sales Tax by Major Business Group



Top 25 Producers

In Alphabetical Order

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

Revenue Comparison

Four Quarters – Fiscal Year To Date (Q3 to Q2)

	2017-18	2018-19
Point-of-Sale	$2,698,160	$3,008,583
County Pool	411,193	463,685
State Pool	1,543	1,513
Gross Receipts	$3,110,896	$3,473,782
Cty/Cnty Share	(311,090)	(347,378)
Net Receipts	**$2,799,807**	**$3,126,404**
Measure A	$1,075,567	$1,203,361

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NOTES

California Overall

The local one percent share of California's sales and use tax from April through June sales was 20.4% higher than the same quarter of 2018. However, the actual gain came to 2.9% after factoring for online filing issues and accounting anomalies. Fiscal year 2018-19 ended with an increase of 3.6% over the previous year after similarly adjusting for reporting aberrations.

The quarter exhibited continuation of a recent softening for most taxable categories. Rising used car sales and rentals helped offset what was otherwise, a generally flat quarter for the auto-transportation group. An acceleration in online shopping boosted receipts from county wide pools while gains for brick and mortar stores were limited to value priced apparel, discount department stores and jewelry.

Restaurant patronage appears to be leveling with a shift toward lower cost dining options that produced relatively modest gains for the group when compared to previous quarters. New cannabis operations resulted in a small rise in food and drug receipts.

A 2.5% gain in business-industrial sales and use tax revenues came primarily from online fulfillment centers, logistics and utility company purchases and ongoing investment in automation and information technology. A similar rise in receipts from the building-construction group was due to a variety of infrastructure and onetime special projects that offset declines in material purchases for new home construction.

Marketplace Facilitator Act

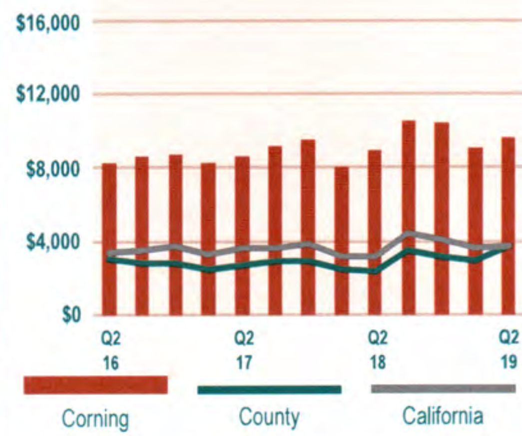
Effective Oct. 1, 2019, companies such as Amazon, eBay and Google who provide sales tax related services to other retailers are required to assume the obligation for collecting and remitting their client's sales and use tax. The definition of sales-related services includes payment processing, inventory and shipping of merchandise, order taking, providing customer service, or assisting with returns and exchanges.

The Marketplace provision was part of AB 147 which was adopted to implement California's approach to the U.S. Supreme Court decision in South Dakota v. Wayfair Inc.

AB 147 requires out-of-state retailers with annual combined sales of $500,000 or more to now collect and remit this state's sales and use tax from its customers. Applying the $500,000 threshold to the sum total of all the third-party transactions that facilitators process for their clients, is hoped to produce moderate gains in previously uncollected revenues for the state, cities, counties and local transaction tax districts.

Facilitator tax remittances from merchandise inventoried in California will be allocated to specific jurisdictions while receipts from deliveries outside of the state will be distributed via the pools. Some facilitators have begun to collect and remit taxes ahead of this deadline. This is evidenced by new pool allocations and increases in direct allocations to certain jurisdictions.

SALES PER CAPITA



COUNTY OVERALL 2Q YOY RECEIPTS % CHANGE

Major Industry Groups	Cash	Adjusted*
Autos and Transportation	9.9%	2.6%
Building and Construction	68.6%	24.0%
Business and Industry	359.8%	226.8%
Food and Drugs	8.6%	3.5%
Fuel and Service Stations	58.2%	6.7%
General Consumer Goods	46.0%	19.4%
Restaurants and Hotels	28.7%	4.6%
County and State Pools	34.9%	18.1%
Total	**53.3%**	**23.6%**

*Accounting anomalies factored out

REVENUE BY BUSINESS GROUP

Corning This Quarter