

Q3 2019



City of Corning Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2019)

Corning In Brief

Corning's receipts from July through September were 2.4% below the third sales period in 2018. Excluding reporting aberrations, actual sales as reflected in the adjacent graph increased by 5.0%.

Limitations based in confidentiality compliance constrain the level of details that can be shared regarding current quarter results; however, categories that do not fall under this restriction are highlighted below.

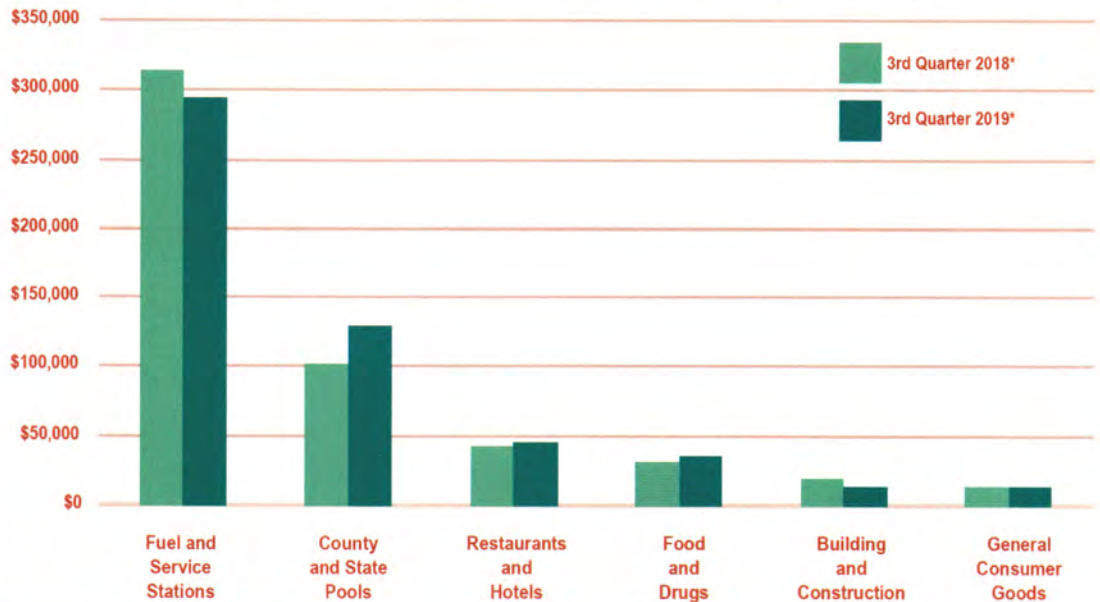
Pool distributed use taxes spiked in part from vendors who supplied products to businesses. New out of state returns from taxpayers subject to the 'Wayfair decision' also contributed to the growth in the countywide pool allocation.

Regional competition sought price sensitive buyers and triggered a decrease from service station merchants. The year-ago quarter was stronger for building-construction materials; current period returns trended downward.

Voter-approved Measure A provided \$298,046 after accounting for payment timing and other exceptions. Overall results dipped 2%, primarily caused by reductions in the fuel and service stations group as note above.

Net of aberrations, taxable sales for all of Tehama County grew 8.4% over the comparable time period; the Far North region was up 5.8%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS IN ALPHABETICAL ORDER

7 Eleven	Les Schwab Tire Center
Basra Mini Mart	Loves Travel Stop
Bell Carter Olive Packing	McCoys Hardware & Farm Supply
Burger King	McDonalds
Chevron	Napa Auto Parts
Corning Ace Hardware	O'Reilly Auto Parts
Corning Chevron	Rite Aid
Corning Ford Mercury Chrysler	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

One Quarter – Fiscal Year To Date (Q3)

	2018-19	2019-20
Point-of-Sale	\$795,730	\$764,429
County Pool	122,080	131,705
State Pool	415	307
Gross Receipts	\$918,224	\$896,441
Cty/Cnty Share	(91,822)	(89,644)
Net Receipts	\$826,402	\$806,797
Measure A	\$332,011	\$301,383

Statewide Results

The local one-cent share of statewide sales and use tax from sales occurring July through September was 2.2% higher than the summer quarter of 2018 after adjusting for accounting anomalies.

The bulk of the increase came from the countywide use tax allocation pools and is due to the acceleration in online shopping where a large volume of the orders are shipped from out-of-state.

Online shopping also produced gains in the business-industrial group with in-state industrial zoned logistics centers filling orders previously taken by brick and mortar retailers. Purchases to support healthcare, food processing, logistics/warehouse operations and information/data technology also helped offset declines in other business-related categories.

With the exception of some discount and value-oriented retail, most categories of general consumer goods were down. New cannabis related start-ups offset declines in the food and drug group while a softening in building-construction receipts was consistent with recent declines in the volume and value of new building permit issuances.

Overall growth in restaurant receipts continued to soften with a shift toward lower cost dining establishments and takeout meal options. Reports of labor shortages and the impact of homelessness on customer traffic in metropolitan areas were reportedly factors in the decline in tax revenues from higher price, fine dining establishments.

Despite a slight uptick in used auto and auto lease receipts, the auto related group was significantly down due to a drop in new car and RV sales. Previously propped up by a 23% subprime rated customer base and six- and seven-year financing, loan delinquencies have recently surged back to levels last seen in 2009.

Additional Tax Districts Approved

Voters approved eight of the nine sales

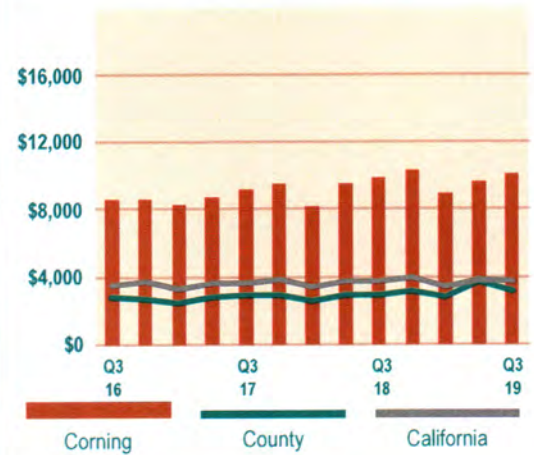
tax measures on the November 2019 ballot adding six new districts and extending two others.

This brings the total number of local transactions and use tax districts (TUT's) to 325 with 62 that are levied countywide and 263 imposed by individual cities. The number of local districts have close to tripled over the last decade as agencies deal with rising costs and service needs. TUT's have been a favorable option as visitors contribute to the tax and a collection system is already in place that minimizes administrative and monitoring costs.

California's basic rule is that the rate for all local TUT's combined, shall not exceed 2.0% or a total of 9.25% including the state levy. However, the state legislature has authorized higher caps in some jurisdictions with the highest voter-approved, combined state/local rate now at 10.5%.

Thirty-five or more additional local TUT measures are currently being considered for the March 2020 ballot.

SALES PER CAPITA*



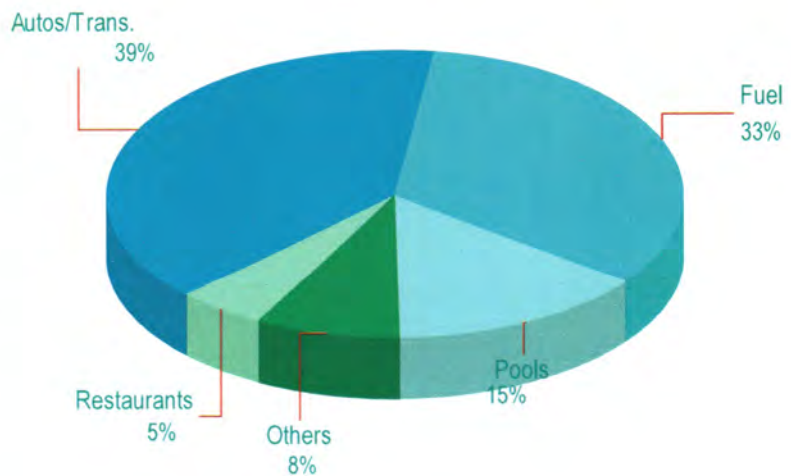
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**COUNTY OVERALL
3Q YOY RECEIPTS % CHANGE**

Major Industry Groups	Cash	Adjusted*
Autos and Transportation	0.5%	5.2%
Building and Construction	-4.1%	16.9%
Business and Industry	5.7%	7.3%
Food and Drugs	0.8%	8.0%
Fuel and Service Stations	-22.9%	0.4%
General Consumer Goods	-1.7%	15.2%
Restaurants and Hotels	-5.0%	4.2%
County and State Pools	3.6%	22.1%
Total	-6.1%	8.4%

*Accounting anomalies factored out

**REVENUE BY BUSINESS GROUP
Corning This Quarter***



*Allocation aberrations have been adjusted to reflect sales activity