

Q4  
2010



# Nevada City Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2010)

## Nevada City In Brief

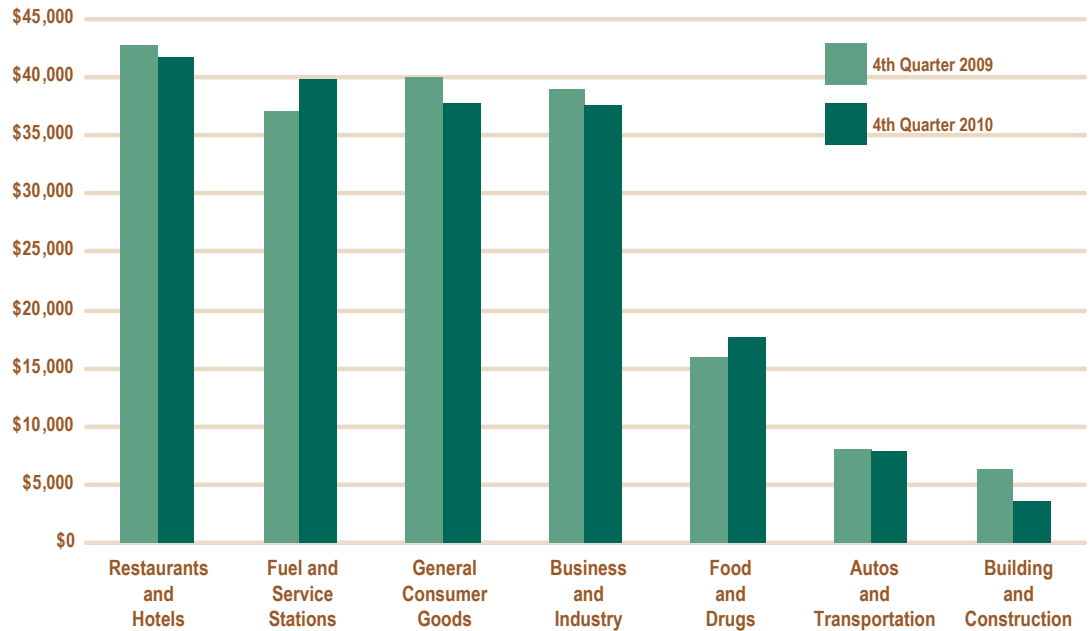
Receipts for Nevada City's October through December sales were 1.9% lower than the same quarter one year ago. Actual sales activity was down 3.3% when reporting aberrations were factored out.

Higher fuel prices and a partial payment in the comparison period inflated returns from the fuel & service stations sector. Late payments in the year-ago period exaggerated results from the food & drug group.

A double-up payment that inflated last year's allocation caused the drop in electrical equipment. A one-time reporting aberration reduced receipts from building & construction.

Adjusted for aberrations, taxable sales for all of Nevada County increased 4.1% over the comparable time period, while the Far North region as a whole was up 4.8%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

49er Communications	Port of Subs Express Market
Bonanza Market	Riebes Auto Parts
Cirinos	Robinson Enterprises
Earth Song Market & Cafe	Sierra Metal Fabricators
Express Mart	SPD Market
Friar Tucks Restaurant	Superior Propane
Fur Traders	Sushi Q
Heausers Plaza Tire	Telestream
Hospice Gift & Thrift	Thomson Broadcast Media Solution
Ikes Quarter Cafe	Tour of Nevada City Bicycle Shop
JJ Jacksons	Trolley Junction Cafe
Leftys Grill	
New Moon Cafe	
Northridge of Nevada City	

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$490,980	\$540,419
County Pool	87,106	98,075
State Pool	504	300
<b>Gross Receipts</b>	<b>\$578,590</b>	<b>\$638,794</b>
Less Triple Flip*	\$(144,647)	\$(159,699)
<b>Gross Trans. Tax</b>	<b>\$397,834</b>	<b>\$412,724</b>

\*Reimbursed from county compensation fund

### Statewide Sales Increase!

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter of 2010 were 7.3% higher than the same quarter one year ago. This represents the fourth straight quarter of growth and the largest percentage increase since the third quarter of 2005.

Higher fuel prices and usage, robust sales of new autos and rebounds in restaurants and general consumer goods helped boost overall receipts. Capital purchases of business equipment and labor-saving technology were especially strong in the Bay Area and Southern California. A onetime use tax payment for alternative energy equipment added to San Joaquin Valley's pooled use tax totals. Excluding accounting aberrations the state's strongest regions were the San Joaquin Valley +12.5%, the Bay Area +7.7% and the Central Coast +7.1%.

### Some Problems Remain

Although recent better than expected improvements in the state's labor markets suggest the rebound is gaining momentum, most economists believe the unemployment rate will remain in double-digits through 2012.

The large volume of unsold residential, commercial and office properties will continue to suppress new construction spending and be a drag on the economy through 2012-13. Soaring oil prices and budget cutbacks by state and local governments will have a short-term negative impact on economic growth.

Post tsunami problems in Japan are likely to cause supply shortages of autos, auto parts and various electronic components. However, the depth and duration of the impact remains unclear at this time.

### Green Energy Exemptions

SB 71, which was pushed through the Legislature as one of last year's budget deals, authorizes the previously ob-

scure California Alternative Energy & Advanced Transportation Financing Authority (CAEATFA) to grant sales and use tax exemptions of state and local sales, use and transactions taxes for "green manufacturing" projects. There is no cap on the value of exemptions CAEATFA may approve but the Legislature must be notified if they exceed \$100 million annually.

Through March, CAEATFA has approved 28 projects exempting almost \$961 million in qualified property that would have generated about \$87.5 million statewide using an average tax rate of 9.1%. Local government losses are expected to exceed \$19 million.

Although approved projects are located in various areas of the state, Santa Clara and Alameda Counties have been the most impacted thus far.

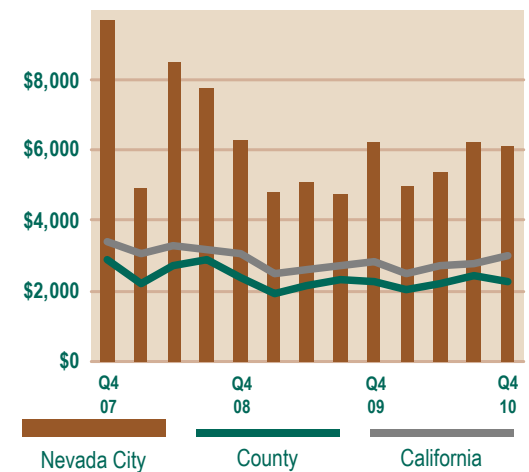
### Renewable Energy Exemptions

In late February the CAEATFA Board of Directors postponed expansion of the exemption program with a proposed \$50 million sales and use tax exemption program for renewable

energy generation projects until early 2012 pending a better understanding of the state's fiscal condition. Industry lobbyists are pushing for a much larger program than CAEATFA originally planned.

Local governments will not be notified of applications that could affect their revenues. However, agenda notices can be obtained by visiting <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

### SALES PER CAPITA



### NEVADA CITY TOP 15 BUSINESS TYPES

Business Type	Nevada City		County	HdL State
	Q4 '10	Change	Change	Change
Art/Gift/Novelty Stores	3,796	-2.4%	-3.5%	7.6%
Auto Repair Shops	5,755	-1.6%	1.3%	0.3%
Electrical Equipment	— CONFIDENTIAL —	—	-11.7%	21.1%
Fuel/Ice Dealers	— CONFIDENTIAL —	—	-21.2%	9.6%
Grocery Stores Liquor	16,016	0.6%	1.8%	4.6%
Heavy Industrial	— CONFIDENTIAL —	—	389.7%	1.2%
Jewelry Stores	3,973	-3.7%	-31.1%	2.0%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	-14.1%	18.0%
Restaurants Beer And Wine	24,304	-7.3%	-17.2%	-2.1%
Restaurants Liquor	11,883	-6.5%	5.7%	7.8%
Restaurants No Alcohol	4,130	58.3%	-9.1%	5.5%
Second-Hand Stores	3,544	237.1%	28.3%	1.8%
Service Stations	15,872	105.1%	20.2%	13.1%
Specialty Stores	9,721	-3.2%	20.9%	7.5%
Women's Apparel	7,021	-6.8%	-18.5%	3.6%
<b>Total All Accounts</b>	<b>\$186,051</b>	<b>-1.7%</b>	<b>-0.7%</b>	<b>5.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>32,758</b>	<b>-3.1%</b>		
<b>Gross Receipts</b>	<b>\$218,809</b>	<b>-1.9%</b>		