

# Q2 2010



# Nevada City Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2010)

## Nevada City In Brief

Gross receipts for Nevada City's April through June sales were 7.6% higher than the same quarter one year ago. Actual sales were up 5.1% after accounting aberrations were excluded.

Higher fuel prices that boosted returns from the fuel and service station group, combined with an increased allocation from the county-wide use tax pool, were major factors for the overall gain. The pool, which is distributed to all county agencies as a ratio of taxable sales, was 15.6% larger than the same quarter of 2009.

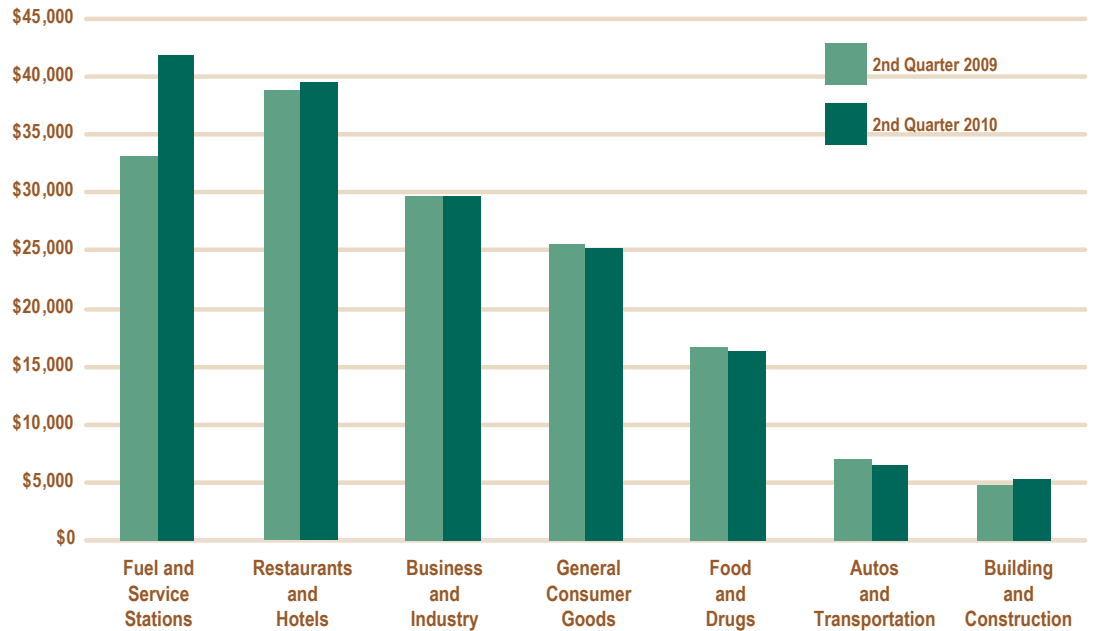
Accounting anomalies inflated results from contractor supplies and second hand stores, but partially masked gains from restaurants-liquor.

Increases were offset by declines from electrical equipment, specialty retail and grocery-liquor.

The city's local voter-approved Street Improvements tax generated an additional \$132,083 in revenue over the comparable time period.

Adjusted for onetime reporting events, taxable sales for all of Nevada County increased 3.4% over the same period; the Far North region as a whole was up 3.6%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS In Alphabetical Order

Bonanza Market	Port of Subs
Cirinos	Express Market
D & D Supply	Riebes Auto Parts
Earth Song Market & Cafe	Robinson Enterprises
Express Mart	Sierra Metal Fabricators
Friar Tucks Restaurant	SPD Market
Fur Traders	SPD Saw Shop
Heausers Plaza Tire	Superior Propane
Ikes Quarter Cafe	Telestream
JH Petroleum	Thomson Broadcast Media Solution
Las Katarinas	Tour of Nevada City Bicycle Shop
Leftys Grill	Trolley Junction Cafe
New Moon Cafe	
Northridge of Nevada City	

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$155,822	\$164,673
County Pool	25,573	30,559
State Pool	164	94
<b>Gross Receipts</b>	<b>\$181,559</b>	<b>\$195,326</b>
Less Triple Flip*	\$(45,390)	\$(48,832)
<b>Gross Trans. Tax</b>	<b>\$131,391</b>	<b>\$132,083</b>

\*Reimbursed from county compensation fund

**California Overall**

Local sales and use tax revenues for sales occurring April through June 2010 were 4.7% higher than the same quarter of 2009 after accounting aberrations were factored out. However, the comparison is against a quarter that was 18.4% below the same quarter of 2008 which in turn, was 4.0% lower than the same period of 2007. Rising fuel prices were again a major part of the quarterly increase. Pent-up demand and manufacturer incentives produced impressive gains in auto and RV sales. Capital investment in technology, equipment and supplies to reduce labor and energy costs drove expanded receipts from business and industrial purchases. Areas surrounding the Silicon Valley continue to be the center of greatest recovery though a recent up-tick in travel helped produce gains in some vacation/resort communities. The inland parts of California still lag the coastal regions.

**It's Official! The Recession is Over!**

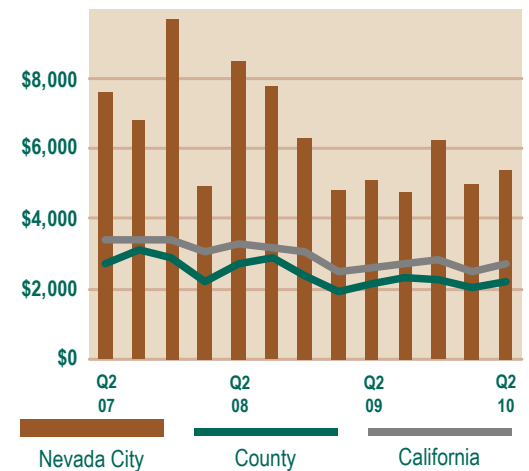
The National Bureau of Economic Research (NBER) has announced that the recession ended in June of 2009. Technically, this means that economic indicators show that the economy has finally bottomed out. It does not mean that a recovery has occurred. This year's earlier exuberance has given way to near consensus among economists that the state's recovery will be slow with less than average growth over the next two years. The argument is that further deleveraging from years of over-spending, over-borrowing, hyper-speculative investment and unsustainable real estate prices must occur before we reach the base on which normal growth restarts. With the focus on productivity innovations rather than jobs, unemployment is expected to stay in double digits at least until the end of 2012. Sales tax revenues are expected to continue to recover but at slightly lower rates than

experienced earlier in the year from various tax credit, stimulus rebate and manufacturer incentive programs.

**Green Energy Exemptions**

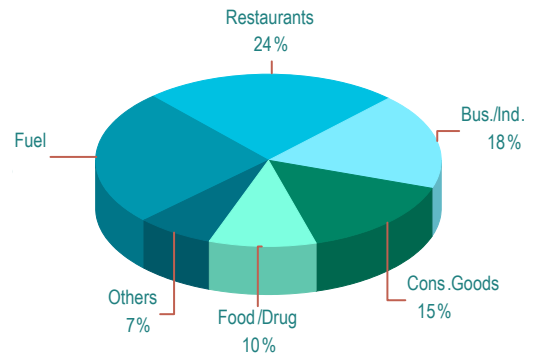
The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) has fast-tracked adoption of their emergency regulations for implementing new sales and use tax exemptions for "Green Manufacturing" authorized by SB 71, the only significant new sales tax related bill adopted in 2010 to date. The first approvals are planned for their November 17 meeting. Industry lobbyists have shut local governments out of the process and additional regulations are now being developed for exempting major alternative energy projects such as solar, geothermal and wind. There is no cap on the value of state and local sales tax losses that CAEATFA may approve. Local governments will not be notified of applications potentially impacting their revenues. However, agenda notices can be obtained by signing up at <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**

Nevada City This Quarter



**NEVADA CITY TOP 15 BUSINESS TYPES**

Business Type	Nevada City		County	HdL State
	Q2 '10	Change	Change	Change
Restaurants Beer And Wine	\$25,363	1.3%	-7.2%	-3.4%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	1.5%	24.1%
Electrical Equipment	18,402	-16.2%	11.6%	25.1%
Service Stations	16,209	24.8%	12.8%	18.2%
Grocery Stores Liquor	15,302	-3.1%	-4.8%	1.0%
Restaurants Liquor	10,398	2.8%	14.2%	6.9%
Specialty Stores	5,779	-14.7%	-15.7%	1.2%
Auto Repair Shops	4,610	-3.5%	-6.3%	1.6%
Women's Apparel	3,661	-1.0%	-7.7%	0.1%
Contractors	3,230	13.1%	-4.7%	-6.2%
Second-Hand Stores	3,082	659.9%	16.3%	3.8%
Restaurants No Alcohol	2,934	-0.7%	11.8%	4.6%
Heavy Industrial	— CONFIDENTIAL —	—	165.2%	10.8%
Fuel/Ice Dealers	— CONFIDENTIAL —	—	63.4%	46.6%
Sporting Goods/Bike Stores	2,348	1.9%	-1.9%	-0.7%
<b>Total All Accounts</b>	<b>\$164,673</b>	<b>5.7%</b>	<b>2.2%</b>	<b>7.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>30,653</b>	<b>19.1%</b>		
<b>Gross Receipts</b>	<b>\$195,326</b>	<b>7.6%</b>		