

Q3
2010



Nevada City Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2010)

Nevada City In Brief

Receipts for sales occurring in the July to September quarter were 29.2% greater than the same period last year but aberrations skewed results. With anomalies removed, actual sales rose 20.4%.

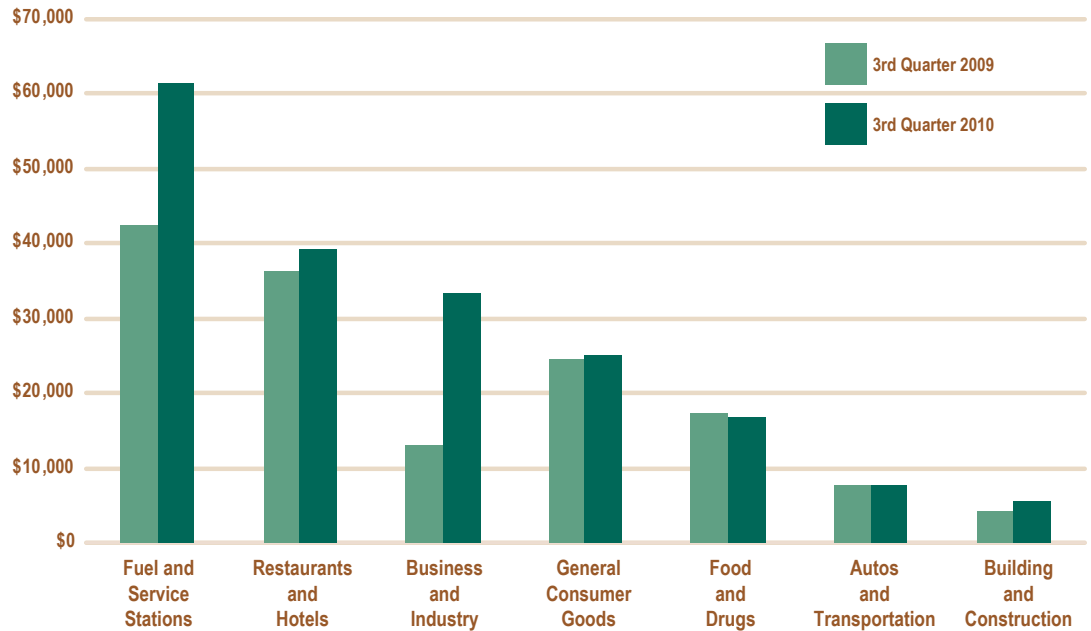
Higher prices and an increase in commercial sales activity boosted returns in fuel-related sectors. The gain in the Business & Industry group was inflated by onetime payment adjustments including a retroactive adjustment in government/social organizations. Multiple temporary deviations accounted for the rise in restaurants. Novelty stores and apparel showed gains.

A change in reporting overstated higher returns in building-related groups while an increase in the countywide use tax allocation pool contributed to overall gross receipts.

The city's voter-approved half cent transaction tax generated an additional \$224,659. This was an increase of 5.2% over the prior year.

Adjusted for reporting aberrations, taxable sales for all of Nevada County, including its cities, gained 5.4% over the comparable time period while the Far North region as a whole was up 5.0%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Bonanza Market	New Moon Cafe
Cirinos	Northridge of Nevada City
County Cafe	Port of Subs
D & D Supply	Express Market
Earth Song Market & Cafe	Riebes Auto Parts
Express Mart	Robinson Enterprises
Friar Tucks Restaurant	Sierra Metal Fabricators
Fur Traders	Sopaworn Savedra
Heausers Plaza Tire	SPD Market
Hospice Gift & Thrift	Superior Propane
Ikes Quarter Cafe	Thomson Broadcast Media Solution
JH Petroleum	Tour of Nevada City
Leftys Grill	Bicycle Shop
Nevada County Supt of Schools	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$301,671	\$354,368
County Pool	53,481	65,344
State Pool	317	273
Gross Receipts	\$355,469	\$419,985
Less Triple Flip*	\$(88,867)	\$(104,996)
Gross Trans. Tax	\$261,868	\$269,327

*Reimbursed from county compensation fund

Statewide Overview

California's allocation of local Bradley-Burns revenues for sales occurring July through September were 4.7% higher than the third quarter of 2009 after accounting anomalies were factored out. Higher fuel prices and usage, business investment in new equipment and technology, and solid gains in some categories of consumer goods and restaurants all contributed to the increase. Receipts from food, drugs, and construction materials were slightly lower than last year's comparison quarter as was the allocation from autos which spiked during the "cash for clunkers" program of a year ago. The Silicon Valley continues to lead the recovery with gains 2½ times higher than for California as a whole. Coastal region sales are generally outperforming the inland areas.

The Sales Tax Picture at Mid-Year

The first two quarters of 2010-11 produced statewide receipts that are 4.2% higher than the first two quarters of 2009-10 after accounting aberrations are excluded. However, the year-to-date total is still 17.2% lower than the totals for the first two quarters of pre-recession 2006-07.

Generally, prognostications for the remaining fiscal year are more upbeat than those of a few months ago and the fears of a double-dip recession have diminished. Stocks are at a two year high, preliminary data on fourth quarter business and consumer spending is better than anticipated and the recent tax-cuts and extension of unemployment benefits is hoped to boost the nation's economy by \$850 billion. In California, the growth in sales tax will be geographically uneven and tempered by high unemployment, mortgage foreclosures and fallout from the state's budget deficit.

Various segments of the sales tax base are projected as follows:

Autos/Transportation- Industry sales reports were inflated by non-taxable

fleet purchases earlier in the year but pent-up demand and easing credit are now producing solid consumer demand and new optimism. Positive gains are expected over the next few quarters but not at pre-recession growth rates.

Building/Construction- Unsold inventories, new tax exemptions for energy projects and modest public spending translate into flat or minimal tax growth for another year or more.

Business/Industry- Leaner and flush with cash, businesses are investing heavily in new technology, software and equipment. Sales tax gains will be agency and industry specific and primarily from suppliers of technology and companies serving the health, mining, petroleum and food industries.

Food/Drugs- some price increases but competition will keep tax revenues from this segment generally flat.

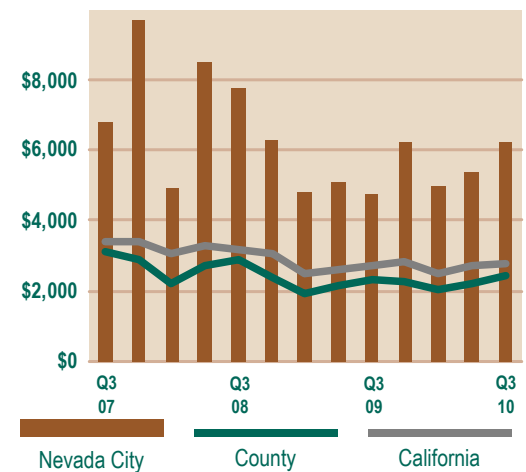
Fuel/Service Stations - Speculation on crude oil futures is resulting in price increases that are expected to continue to soar through spring.

Consumer Goods- Stock market gains

are reviving luxury buyers while "frugality fatigue" is setting in for the rest of us. Holiday spending was stronger than expected for apparel, sporting goods, small electronics, and home furnishings. Analysts are skeptical about sustainability but generally project statewide growth of 3.0% to 3 ½%.

Restaurants/Hotels- Tourism and business travel is on the increase but price competition is expected to keep gains in sales tax revenue relatively modest.

SALES PER CAPITA



NEVADA CITY TOP 15 BUSINESS TYPES

Business Type	Nevada City		County	HdL State
	Q3 '10	Change	Change	Change
Petroleum Prod/Equipment	— CONFIDENTIAL —		-6.0%	12.0%
Electrical Equipment	— CONFIDENTIAL —		159.7%	11.8%
Restaurants Beer And Wine	21,052	-8.3%	-0.7%	-0.7%
Service Stations	18,133	20.1%	13.7%	12.2%
Grocery Stores Liquor	16,362	-1.1%	-2.9%	1.2%
Restaurants Liquor	11,008	8.6%	-1.2%	5.2%
Specialty Stores	6,753	4.9%	-3.0%	-2.5%
Restaurants No Alcohol	6,341	170.7%	22.5%	5.1%
Auto Repair Shops	5,721	2.9%	29.1%	3.4%
Contractors	4,171	39.0%	9.8%	-2.3%
Women's Apparel	4,156	25.0%	4.3%	2.8%
Government/Social Org.	3,667	167.4%	-64.4%	-10.4%
Second-Hand Stores	2,900	182.5%	3.1%	6.4%
Sporting Goods/Bike Stores	2,647	1.0%	12.9%	-0.1%
Art/Gift/Novelty Stores	2,443	12.1%	-9.2%	3.6%
Total All Accounts	\$189,695	30.1%	5.6%	2.7%
County & State Pool Allocation	34,964	24.6%		
Gross Receipts	\$224,659	29.2%		