

Q4
2010



City of Chico Sales Tax *Update*

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

Chico In Brief

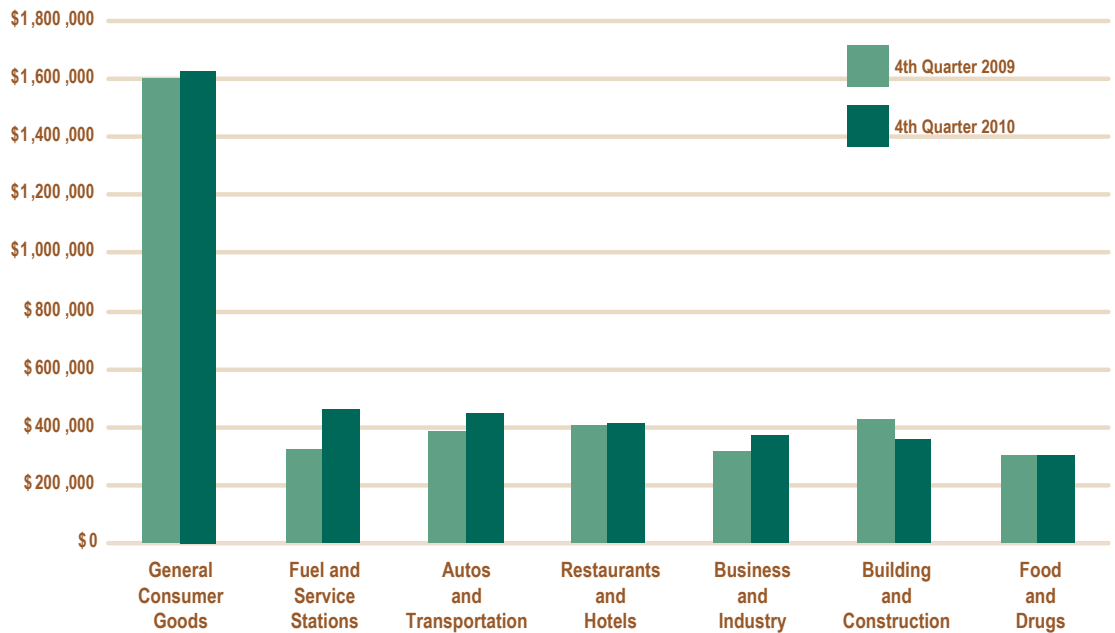
Receipts for sales occurring October through December were 4.4% higher than the same quarter last year.

The rise in holiday sales in several general retail sectors including family apparel was suppressed by store closures. Multiple payment deviations exaggerated the increase from higher prices in fuel-related outlets. New auto sales continued the three quarter upward trend while sales activity rose in agricultural equipment and food manufacturing. New eateries offset the loss in same store returns.

A retroactive adjustment that inflated the comparison quarter inflated the decline in lumber/building materials.

Adjusted for reporting aberrations, taxable sales for all of Butte County including its cities gained 5.6% 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

Arco AM PM Mini Mart	K Mart
Best Buy	Kohls
Chevron	Lowe's
Chico Nissan Hyundai	Nella Oil
Chuck Patterson Toyota Scion Dodge	Northgate Petroleum
Costco	Raley's
Courtesy Motors Auto Center	Ross
Ed Wittmeier Ford	Safeway
Faucet Direct	Safeway Gas
Home Depot	Sears
JC Penney	Sierra Nevada Brewing
	Target
	Walmart
	Winco Foods

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$7,394,246	\$7,612,721
County Pool	885,774	870,056
State Pool	7,110	3,790
Gross Receipts	\$8,287,130	\$8,486,568
Cty/Cnty Share	(414,357)	(424,328)
Net Receipts	\$7,872,773	\$8,062,239
Less Triple Flip*	\$(1,968,193)	\$(2,015,560)

*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.

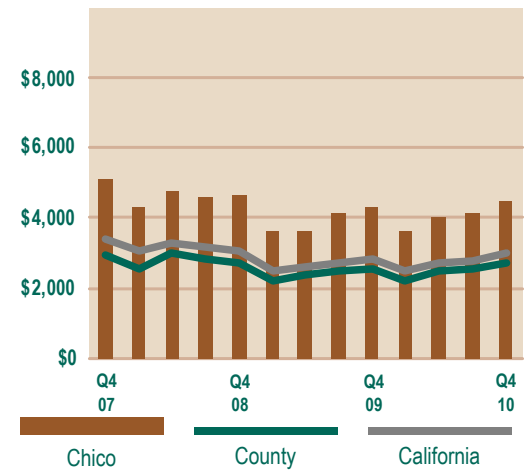
Renewable Energy Exemptions

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



CHICO TOP 15 BUSINESS TYPES

Business Type	Chico		County	HdL State
	Q4 '10*	Change	Change	Change
Department Stores	93.4	-3.5%	-3.6%	2.6%
Discount Dept Stores	619.1	1.1%	0.4%	2.2%
Electronics/Appliance Stores	193.9	8.5%	6.1%	8.8%
Family Apparel	184.9	7.1%	7.0%	5.8%
Grocery Stores Liquor	188.0	-1.6%	-5.0%	4.7%
Home Furnishings	90.5	-4.3%	-3.6%	5.8%
Lumber/Building Materials	168.2	-32.0%	-24.3%	-14.6%
New Motor Vehicle Dealers	278.1	25.7%	19.1%	14.4%
Petroleum Prod/Equipment	101.5	94.9%	69.8%	18.1%
Plumbing/Electrical Supplies	71.1	18.1%	17.6%	1.5%
Restaurants Beer And Wine	94.0	-0.6%	-1.6%	-2.2%
Restaurants Liquor	141.2	1.8%	1.8%	7.8%
Restaurants No Alcohol	163.5	2.7%	-0.3%	5.5%
Service Stations	355.5	29.9%	22.0%	13.1%
Specialty Stores	115.3	1.0%	-1.8%	7.5%
Total All Accounts	\$3,974.4	5.3%	6.2%	5.8%
County & State Pool Allocation	422.9	-3.3%		
Gross Receipts	\$4,397.3	4.4%		
City/County Share	(219.9)	-4.4%		
Net Receipts	\$4,177.5	4.4%		

*In thousands