

# Q2 2017



# City of Nevada City Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2017)

## Nevada City In Brief

Nevada City's receipts from April through June were 1.1% above the second sales period in 2016. Excluding reporting adjustments, actual sales were down 1.9%.

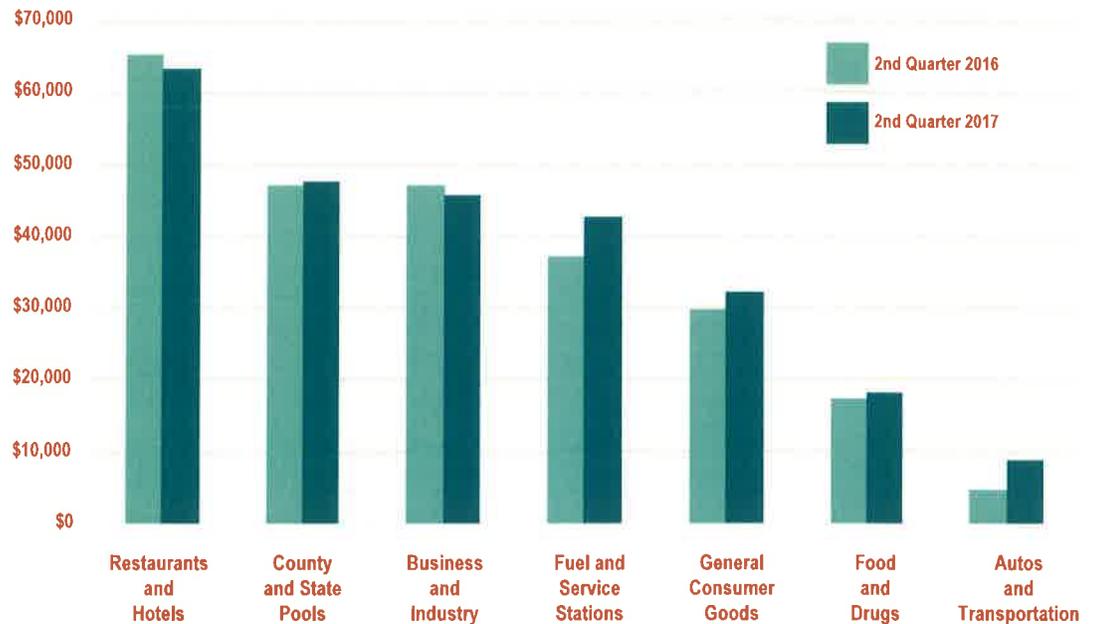
This quarter's receipts slightly exceeded expectations in part because a prior year reporting adjustment skewed this period's results for the auto and transportation group.

Weather and the effects of another prior year reporting adjustment negatively affected restaurant receipts this period.

Overall sales from general consumer good outlets rose this quarter at a level that was nearly 8 times the statewide average.

Net of adjustments, taxable sales for all of Nevada County grew 2.3% over the comparable time period; the Far North region was up 3.3%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

49er Communications	Northridge of Nevada City
Bonanza Market	Plaza Tire & Auto Service
California Organics	Port of Subs Express Market
Crazy Horse Saloon & Grill	Riebes Auto Parts
Express Mart & Liquor	Robinson Enterprises
Friar Tucks Restaurant	Sopa Thai Cuisine
Jernigans Tap House & Grill	SPD Market
JH Petroleum	SPD Saw Shop
Leftys Grill	Telestream
Matteos Public	Three Forks Bakery & Brewing Company
Mi Pueblo Taqueria	Tour of Nevada City Bicycle Shop
Nevada County Superintendent	Vital Garden Supply
New Moon Cafe	

## REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2016-17	2017-18
Point-of-Sale	\$209,236	\$211,486
County Pool	47,074	47,767
State Pool	78	(119)
<b>Gross Receipts</b>	<b>\$256,388</b>	<b>\$259,134</b>
Less Triple Flip*	\$0	\$0

**California Overall**

Local government's one-cent share of statewide sales and use tax from transactions occurring April through June was 3.2% higher than the same quarter of 2016 after payment aberrations are factored out.

The largest percentage increases were from the countywide allocation pools, building supplies and rising fuel prices. Auto sales and restaurants continued to post solid gains. Except for value priced apparel and dollar stores, most categories of general consumer goods were down or flat with the growth in online shopping shifting tax receipts to in-state distribution centers or to the countywide allocation pools.

Receipts from business and industrial transactions were lower than last year's comparable quarter because of declines in new alternative energy projects. Agricultural and new technology related purchases exhibited healthy gains as did sales of warehouse and construction equipment. Most other categories were down from 2016.

**Where does the Money Go?**

E-commerce, technology and changing consumer preferences have retailers undergoing a dizzying transformation as they compete for customers through online websites, mobile apps, home delivery, social media, pop-up/flex stores and pick-up lockers as well as traditional brick and mortar businesses.

The changes in how goods are inventoried, sold and delivered has created some confusion in allocating local sales and use tax. However, it still involves three basic principles:

- Location where the sale is negotiated
- Location of goods at time of sale
- Ownership of goods being sold

Place of sale continues to be California's primary rule for allocating local sales tax. If the inventory is owned by the seller and is located in-state, the tax goes to the location that participates in the sale, either by receiving the order or

shipping the goods. If the order is taken outside the state but the seller owns the inventory and delivers the goods from inside California, the tax is allocated to the jurisdiction where the warehouse is located. Otherwise, the tax is shared by all agencies in the county where the goods are shipped on a pro-rata basis through the county allocation pools.

Ownership of the goods being sold is also a factor. In order for an agency to receive a direct allocation of local tax for goods shipped from a California fulfillment center, the location must be the retailer's place of business and not owned or operated by a separate legal entity. If the retailer has no place of business in California, the only opportunity for local tax is an indirect allocation through the countywide pools

For jurisdictions with transactions tax overrides, that tax goes to the place of purchase rather than the place of the seller. For example, the sales tax on the purchase of an automobile goes to the seller's location. However, the transactions tax, if any, goes to the jurisdiction where the buyer's vehicle is registered.

**SALES PER CAPITA**



**COUNTY OVERALL  
2Q YOY RECEIPTS % CHANGE**

Major Industry Groups	Cash	Adjusted*
Autos and Transportation	-1.6%	-4.4%
Building and Construction	-7.6%	-2.9%
Business and Industry	0.0%	-4.0%
Food and Drugs	2.6%	3.7%
Fuel and Service Stations	15.4%	14.9%
General Consumer Goods	-0.6%	0.3%
Restaurants and Hotels	5.7%	4.5%
County and State Pools	1.2%	6.2%
<b>Total</b>	<b>1.3%</b>	<b>2.3%</b>

\*Accounting anomalies factored out

**REVENUE BY BUSINESS GROUP  
Nevada City This Quarter**

