

Q2 2019



City of Nevada City Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2019)

Nevada City In Brief

Nevada City's sales activity from April through June increased 27.4% above the second sales period in 2018. Total cash receipts increased 94.5% over last year due to payment delays caused by the CDTFA's transition to a new tax filing system last year.

Just under half of the current period gain came from the City's allocation from the countywide use tax pool which increased in size as delayed payments were recovered. The City can expect lower allocations in the future as the State posts corrections for reporting errors posted in the pool caused by taxpayers' attempting to use the new tax reporting system.

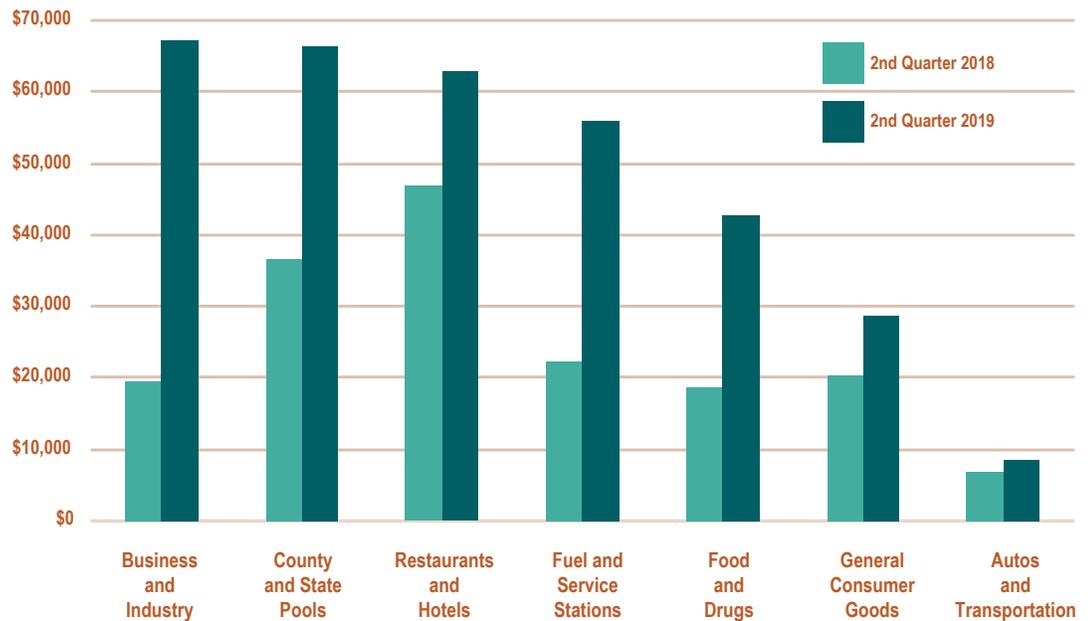
Food-drug outlet sales rose sharply while retail activity within the business and industry group was also much higher.

Restaurant activity was highly mixed but mostly lower this quarter.

Measure C, the City's 0.375% district tax brought in \$132,356 this period while Measure S, the 0.5% district tax generated \$177,121. Ignoring late payments and other reporting issues, the two measures grew by 6.3% and 4.2% respectively over this time last year.

Net of adjustments, taxable receipts for all of Nevada County grew 4.8% over the comparable time period while those of the entire Far North region were up 6.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Bonanza Market	Plaza Tire & Auto Service
California Organics	Robinson Enterprises
Chevron	Sierra Metal Fabricators
Crazy Horse Saloon & Grill	Sopa Thai Cuisine
Electrical Design Technology	South Pine Cafe
Elevation 2477	SPD Market
Ferrellgas	SPD Saw Shop
Friar Tucks Restaurant & Bar	Stone House
Golden Era	Three Forks Bakery & Brewing Company
J H Petroleum	Tour of Nevada City Bicycle Shop
Lefty's Grill	Vital Garden Supply
Nevada City Gas	
New Moon Cafe	
Northridge Inn	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date (Q3 to Q2)

	2017-18	2018-19
Point-of-Sale	\$740,037	\$1,028,423
County Pool	217,606	219,976
State Pool	476	538
Gross Receipts	\$958,119	\$1,248,937
Measure S	\$584,627	\$709,782
Measure C	\$432,035	\$530,642

California Overall

The local one percent share of California's sales and use tax from April through June sales was 20.4% higher than the same quarter of 2018. However, the actual gain came to 2.9% after factoring for online filing issues and accounting anomalies. Fiscal year 2018-19 ended with an increase of 3.6% over the previous year after similarly adjusting for reporting aberrations.

The quarter exhibited continuation of a recent softening for most taxable categories. Rising used car sales and rentals helped offset what was otherwise, a generally flat quarter for the auto-transportation group. An acceleration in online shopping boosted receipts from county wide pools while gains for brick and mortar stores were limited to value priced apparel, discount department stores and jewelry.

Restaurant patronage appears to be leveling with a shift toward lower cost dining options that produced relatively modest gains for the group when compared to previous quarters. New cannabis operations resulted in a small rise in food and drug receipts.

A 2.5% gain in business-industrial sales and use tax revenues came primarily from online fulfillment centers, logistics and utility company purchases and ongoing investment in automation and information technology. A similar rise in receipts from the building-construction group was due to a variety of infrastructure and onetime special projects that offset declines in material purchases for new home construction.

Marketplace Facilitator Act

Effective Oct. 1, 2019, companies such as Amazon, eBay and Google who provide sales tax related services to other retailers are required to assume the obligation for collecting and remitting their client's sales and use tax. The definition of sales-related services includes payment processing, inventory and shipping of merchandise, order taking, providing customer service, or assisting with re-

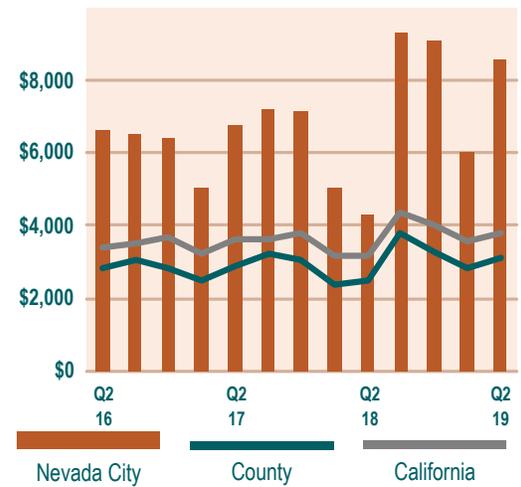
turns and exchanges.

The Marketplace provision was part of AB 147 which was adopted to implement California's approach to the U.S. Supreme Court decision in South Dakota v. Wayfair Inc.

AB 147 requires out-of-state retailers with annual combined sales of \$500,000 or more to now collect and remit this state's sales and use tax from its customers. Applying the \$500,000 threshold to the sum total of all the third-party transactions that facilitators process for their clients, is hoped to produce moderate gains in previously uncollected revenues for the state, cities, counties and local transaction tax districts.

Facilitator tax remittances from merchandise inventoried in California will be allocated to specific jurisdictions while receipts from deliveries outside of the state will be distributed via the pools. Some facilitators have begun to collect and remit taxes ahead of this deadline. This is evidenced by new pool allocations and increases in direct allocations to certain jurisdictions.

SALES PER CAPITA



COUNTY OVERALL

2Q YOY RECEIPTS % CHANGE**

Major Industry Groups	Cash	Adjusted*
Autos and Transportation	-0.1%	-5.9%
Building and Construction	34.2%	2.9%
Business and Industry	51.3%	4.0%
Food and Drugs	14.4%	8.1%
Fuel and Service Stations	32.3%	3.0%
General Consumer Goods	10.7%	0.0%
Restaurants and Hotels	28.0%	-0.1%
County and State Pools	13.9%	19.1%
Total	22.2%	4.8%

*Accounting anomalies factored out
 **Based on partial data

REVENUE BY BUSINESS GROUP
 Nevada City This Quarter

