

Q1 2015



American Canyon Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2015)

American Canyon In Brief

Receipts for American Canyon's January through March sales were 2.6% higher than the same quarter one year ago. Actual sales activity was down 1.6% when reporting aberrations were factored out.

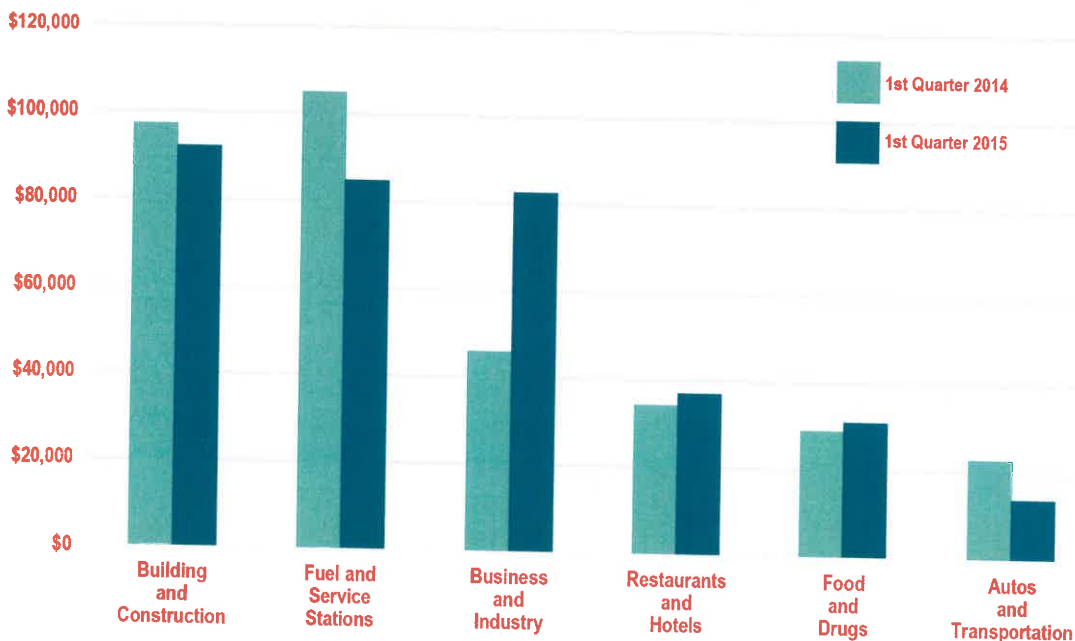
Business and industry posted higher receipts from multiple categories, however the overall gain was inflated by payment anomalies. Similar payment deviations temporarily boosted other increases.

All categories of restaurants, except casual dining eateries, experienced strong sales. Increases from grocery stores were a factor in the positive outcome from food and drugs.

The gains were partially offset by losses from service stations. Various categories of building and construction were also down. In addition, a previous business closure contributed to the decrease from autos and transportation.

Addjusted for aberrations, taxable sales for all of Napa County increased 8.6% over the comparable time period, while the Bay Area as a whole was up 4.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

All Bay Mill & Lumber	Landsberg Orora
AutoZone	McDonalds
Blueline Rental	Mid City Nursery
Central Valley Builders Sup	Mike's Arco Mini Mart & Gas
Chevron	Naked Wines
Coca Cola	Panda Express
Facilities Resource Group	Quinlans Tire Service
General Plumbing Supply	Round Table Pizza
Industrial Wholesale Lumber	Safeway
Jack in the Box	Safeway Gasoline
Kreysler & Associates	Sonic Drive In
	Walgreens
	Walmart
	Wing Stop

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$1,981,611	\$2,088,413
County Pool	276,253	268,643
State Pool	1,359	1,378
Gross Receipts	\$2,259,223	\$2,358,434
Less Triple Flip*	\$(564,806)	\$(589,609)

*Reimbursed from county compensation fund

California as a Whole

Local one cent tax receipts from sales occurring January through March rose 3.65% over 2014's comparable quarter after adjusting for reporting anomalies.

An exceptionally strong quarter for auto sales/leases and restaurants was the primary contributor to the overall increase. A rise in building-construction materials was also a factor although much of this growth came from specific office and sports facility projects in Northern California.

Gains from sales of general consumer goods were primarily in value priced clothing, home furnishings and specialty retail which includes pet supplies and cosmetics. Online shopping involving goods shipped from out of state continues to shift a major portion of the growth in general consumer goods to the countywide pools.

The statewide gains were largely offset by a 21% decline in receipts from fuel and service stations.

Tax on Services

The Board of Equalization has released an estimate that levying sales and use tax on services would raise over \$122.5 billion in state and local revenues or enough to lower the overall tax rate to under 4%.

Originally imposed in 1933 as a 2 ½% tax with only three exemptions, the legislature has gradually exempted more and more goods from the sales tax while raising rates to compensate for the corresponding revenue loss. This and the state's shift from a manufacturing to service economy has created the nation's highest sales tax rate on the narrowest basket of goods.

Although more discussion is needed, there is interest in expanding the sales tax to services and lowering the rate to make the tax less regressive and

more competitive while providing greater flexibility in the development of local tax bases.

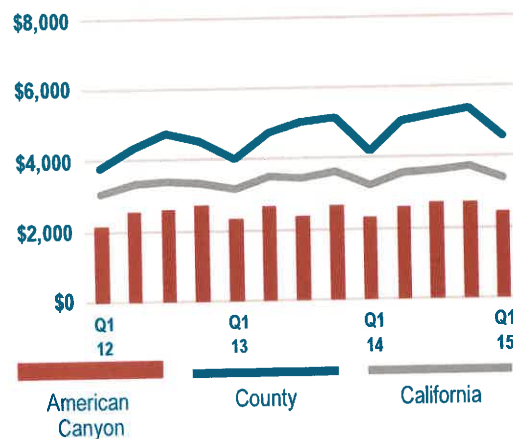
Tax on Jet Fuel

The Federal Aviation Administration has ruled that sales taxes on jet fuel must only be used for airport and aviation programs. The rule applies to taxes levied after 1987 but is unclear as to transactions tax districts, Proposition 172 revenues, or revenues collected by jurisdictions without airports. Clarification will not be available until FAA review and approval of a plan that has to be submitted by the state Department of Finance by December 8, 2015.

Tax on Marijuana

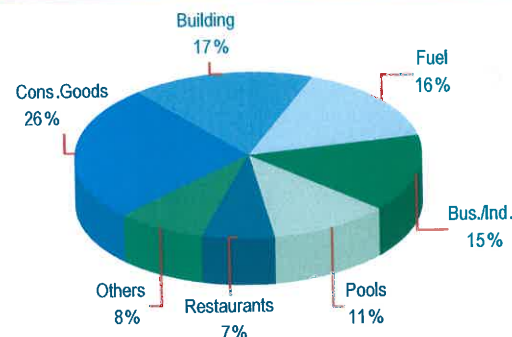
A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE findings are expected by November 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

American Canyon This Quarter



AMERICAN CANYON TOP 15 BUSINESS TYPES

Business Type	American Canyon		County	HdL State
	Q1 '15	Change	Change	Change
Automotive Supply Stores	9,400	6.2%	5.1%	5.2%
Casual Dining	8,990	-1.5%	-9.8%	5.5%
Contractors	9,389	-5.8%	45.9%	15.2%
Discount Dept Stores	— CONFIDENTIAL —		9.2%	4.2%
Drug Stores	— CONFIDENTIAL —		3.4%	10.7%
Fast-Casual Restaurants	8,424	19.7%	30.8%	12.8%
Food Service Equip./Supplies	9,107	375.3%	62.9%	8.7%
Fulfillment Centers	— CONFIDENTIAL —		25.1%	-4.0%
Grocery Stores Liquor	— CONFIDENTIAL —		4.5%	5.1%
Light Industrial/Printers	23,474	51.2%	15.8%	5.0%
Lumber/Building Materials	71,933	-8.4%	9.3%	-2.9%
Plumbing/Electrical Supplies	— CONFIDENTIAL —		30.6%	6.4%
Quick-Service Restaurants	16,257	6.2%	4.5%	10.6%
Repair Shop/Equip. Rentals	12,480	-19.2%	1.3%	1.2%
Service Stations	84,800	-19.2%	-19.1%	-21.9%
Total All Accounts	\$485,207	5.1%	10.4%	3.6%
County & State Pool Allocation	\$60,018	-14.0%	-9.7%	1.1%
Gross Receipts	\$545,225	2.6%	7.8%	3.3%