Suisun City's receipts from April through June were 6.1% below the second sales period in 2017 due to ongoing issues related to the State’s transition to a new software and reporting system that for the second consecutive quarter caused multiple allocations to not get posted. Accounting for these allocations and other aberrations, actual sales were up 4.6%.

A partial missing allocation from one outlet represented one-half of all missing allocations. The fuel group, restaurants and food and drugs were also heavily impacted by missing allocations. Actual service station sales were up 15.8% due to rising retail gas prices caused by higher crude oil costs. Restaurant sales were 1.7% higher consistent with statewide trends, while food and drugs were down 3.2%.

The automotive sector posted a strong 16.9% gain. Building and construction and business to business sales were lower.

The Measure S 1% transaction tax generated $538,456, a 1.5% increase over the prior year. Measure S was also impacted by missing allocations.

Net of aberrations, taxable sales for all of Solano County grew 1.5% over the comparable time period; the Bay Area was up 2.9%.

**Top 25 Producers**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Business Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>7 Eleven</td>
</tr>
<tr>
<td>2</td>
<td>Ashria</td>
</tr>
<tr>
<td>3</td>
<td>Athenian Grill</td>
</tr>
<tr>
<td>4</td>
<td>AutoZone</td>
</tr>
<tr>
<td>5</td>
<td>Black Bear Diner</td>
</tr>
<tr>
<td>6</td>
<td>Bonfire Market Fuel</td>
</tr>
<tr>
<td>7</td>
<td>Burger King</td>
</tr>
<tr>
<td>8</td>
<td>California Marine Sports</td>
</tr>
<tr>
<td>9</td>
<td>Cast Iron Grill &amp; Bar</td>
</tr>
<tr>
<td>10</td>
<td>Dollar Tree</td>
</tr>
<tr>
<td>11</td>
<td>Jack in the Box</td>
</tr>
<tr>
<td>12</td>
<td>La Cabana</td>
</tr>
<tr>
<td>13</td>
<td>Marina Arco AM PM McDonalds</td>
</tr>
</tbody>
</table>

**Revenue Comparison**

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Point-of-Sale</strong></td>
<td>$1,418,702</td>
<td>$1,433,364</td>
</tr>
<tr>
<td><strong>County Pool</strong></td>
<td>203,849</td>
<td>209,261</td>
</tr>
<tr>
<td><strong>State Pool</strong></td>
<td>768</td>
<td>811</td>
</tr>
<tr>
<td><strong>Gross Receipts</strong></td>
<td>$1,623,318</td>
<td>$1,643,437</td>
</tr>
<tr>
<td><strong>Measure S</strong></td>
<td>$530,831</td>
<td>$2,289,371</td>
</tr>
</tbody>
</table>
California Overall

Local Government cash receipts from April through June sales dropped 10.1% from the same quarter one year ago due to implementation issues with CDFTA’s new tax reporting software system. The results were further skewed by the State’s attempt to offset the resulting shortages by advancing tax revenues that it estimates will be generated next quarter.

After reviewing unprocessed returns and approximating the full amounts of partial payments, HdL estimates that once all returns are properly processed and the data adjusted to reflect actual quarter receipts, statewide local sales and use tax revenues will be 1.6% higher than second quarter 2017.

Sales of building and construction materials, jet fuel and online shopping appear to have been the primary drivers of statewide growth during the second quarter. Auto sales leveled off as previously anticipated, although receipts from auto leases continued to show substantial gains. Online fulfillment centers and value themed apparel stores were the primary gainers within the general consumer goods group. Business-industrial purchases were slightly lower than previous quarters with declines in new energy projects being a major factor.

Regionally, the San Francisco Bay area and the Sacramento and San Joaquin Valley areas outperformed the rest of the state.

Tariff Policies and Sales Tax

Tariffs are becoming a key element of the federal government’s international trade strategy with additional duties of 10% announced for the end of the third quarter, rising to 25% by the end of 2018.

Despite the current debates, analysts believe that the impact on prices and sales will be minimal through the remainder of 2018-19 as most major retailers have already imported their inventory for the holiday season and are attempting to rush spring inventories through customs ahead of the new 5% rates. Many manufacturers have managed to avoid raising prices by absorbing the costs of the initial first round of tariffs on metals, machinery and components. On the down side, small retailers without the power to lock in prices may be placed at a competitive disadvantage and contractors are beginning to require escalation clauses in contracts to cover potential cost increases on long range projects.

The key concern for analysts projecting 2019-20 tax revenues will be how the federal government refines its trade policies and the impact on sales and use tax revenues. Although higher prices generate more sales tax from individual purchases, they also potentially reduce the number of purchases, particularly in an environment where rising housing, education and health care costs compete for a significant portion of discretionary income.

Proponents of rising tariffs argue that the rising strength of the U.S. dollar will offset the impact of tariff related price increases on consumers. Opponents worry that the stronger dollar and the announced $5.6 billion in retaliatory tariffs on California exports will negatively impact both the affected companies’ job base and capital investment in supplies, equipment and expansion opportunities.