

# Q3 2008



# City of Lompoc Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2008)

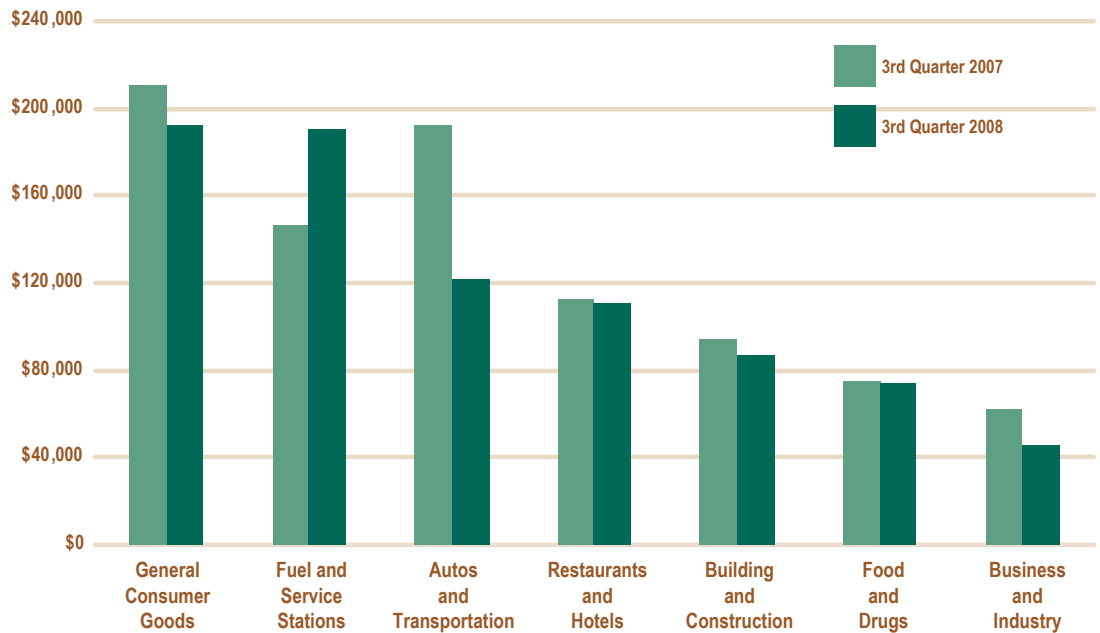
## Lompoc In Brief

Third quarter receipts were 7.9% lower than one year earlier. Problems were widespread as only the Fuel and Service Station group, boosted by record high gas prices, exceeded year-ago results.

New motor vehicle dealers, auto supply stores and auto repair shops fell as they did in most areas of the state though local auto sales were further eroded by the closeout of a dealership. General Consumer Goods and Business & Industry sales were also very weak as the state's economy slipped deeper into recession. The on-going slump in the housing industry pulled Building & Construction receipts down. Food & Drug and Restaurant results remained relatively stable.

With payment aberrations excluded, the Central Coast region was down 2.1%; the state decreased 4.1%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Albertsons	Staples
Anitas Spirit Gas & Mini Mart	Stuarts Valero Mart
Bet Plant Services	Sunset Auto Center
Chevron	Taco Bell
Circle K	Tesoro West Coast
Food 4 Less	Toyota of Lompoc
Home Depot	Valero Corner Store
Jack in the Box	Valley Rock Ready Mix
JB Dewar	Vons
Lompoc Honda	Vons Gasoline Sales
McDonalds	Wal Mart
Mervyns	
Moore Mill & Lumber	
Ross	

### REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2007-08	2008-09
<b>Point-of-Sale</b>	\$1,770,444	\$1,751,875
<b>County Pool</b>	214,288	193,729
<b>State Pool</b>	124	459
<b>Gross Receipts</b>	<b>\$1,984,857</b>	<b>\$1,946,062</b>
<b>Less Triple Flip*</b>	\$(496,214)	\$(486,516)

\*Reimbursed from county compensation fund

## Current Quarter - Statewide

Third quarter sales and use tax receipts declined 4.1% from the same period of 2007 once accounting aberrations were factored out.

Revenues from new car sales dropped 25.7% compared to July through September of 2007. Receipts from building materials declined 12.4%, business purchases 6.3% and general consumer goods 4.2%. Receipts from grocers, drug stores, and some categories of restaurants continued to post modest gains.

The statewide decrease was partially cushioned by one last quarter of record fuel prices. Tax receipts from petroleum related sales gained 25.3% over the third quarter of 2007 and accounted for 14% of California's total sales and use tax collections.

## Continuing Declines Projected

This was the fifth consecutive quarter of decreasing statewide sales and use tax revenues. Given that the depth, length, and solution to this recession remain uncertain, local government budgeting will be the most challenging it has been in decades. Adding to the difficulty will be an expected rash of business closures as the existing glut of too much debt and too many stores and auto dealerships is sorted out.

The current consensus is that drastically lower fuel prices and the weakest holiday spending since the 1980's will make the drop in March's sales tax receipts (October through December sales) the most severe of the cycle to date. Lesser declines are likely for at least two quarters thereafter with overall revenues "bottoming out" at the end of 2009 or first quarter of 2010.

## Agencies Will Fare Differently

Each jurisdiction's experience will vary with the specific makeup and character of its local tax base. The timing and benefits of an additional federal stimulus package remains unknown but cannot be expected to produce immediate

or complete recovery. As of January 1, prognostications for key segments of the state's sales tax revenues were:

**Consumer Goods** – With Californians already debt burdened, loosening of credit is not expected to stimulate spending to previous highs until jobs and retirement investments revive. Further declines are projected for the remainder of 2008/2009 with minimal growth in 2009/2010.

**Auto Related** - Credit will help but real recovery is not anticipated until 2010/2011. Severe declines are expected to continue through at least the remainder of 2008/2009.

**Fuel** – Even production cutbacks and Middle East unrest will not bring back last summer's peak prices. A 30% decline is expected in the last two quarters of 2008/2009 with continuing revenue reductions through mid 2009/2010.

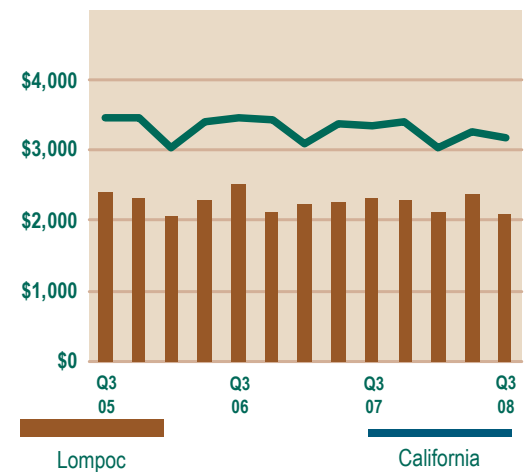
**Business Spending** - This usually falls and recovers later in the cycle than other segments. Declines of 5% to 10% are expected for some industrial categories during the remainder

of the fiscal year continuing through 2009/2010.

**Building/Construction** - Public spending is expected to boost specific tax categories by 2009/2010 but fewer housing, industrial and commercial startups make major gains unlikely.

**Restaurant/Entertainment** - Fast food sales should hold up but cutbacks in revenues from tourism and casual and high end restaurants are expected over the next few quarters.

## SALES PER CAPITA



## LOMPOC TOP 15 BUSINESS TYPES

Business Type	Lompoc		HdL State
	Q3 '08	Change	Change
Service Stations	\$164,124	28.1%	25.6%
Discount Dept Stores	— CONFIDENTIAL —	—	-0.9%
New Motor Vehicle Dealers	80,852	-40.9%	-23.9%
Lumber/Building Materials	— CONFIDENTIAL —	—	-13.9%
Restaurants No Alcohol	57,882	-3.9%	6.8%
Grocery Stores Liquor	42,753	-1.6%	0.8%
Restaurants Beer And Wine	42,135	-1.8%	-7.1%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	33.8%
Automotive Supply Stores	15,838	-15.8%	-5.2%
Repair Shop/Hand Tool Rentals	15,041	3.8%	-19.3%
Specialty Stores	15,008	2.8%	-5.8%
Family Apparel	14,683	2.7%	0.2%
Department Stores	— CONFIDENTIAL —	—	-16.8%
Auto Repair Shops	11,934	-9.2%	-7.1%
Drug Stores	— CONFIDENTIAL —	—	-0.1%
<b>Total All Accounts</b>	<b>\$822,007</b>	<b>-8.1%</b>	<b>-4.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>94,562</b>	<b>-6.1%</b>	
<b>Gross Receipts</b>	<b>\$916,569</b>	<b>-7.9%</b>	