

Q4  
2008



# City of Lompoc Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2008)

## Lompoc In Brief

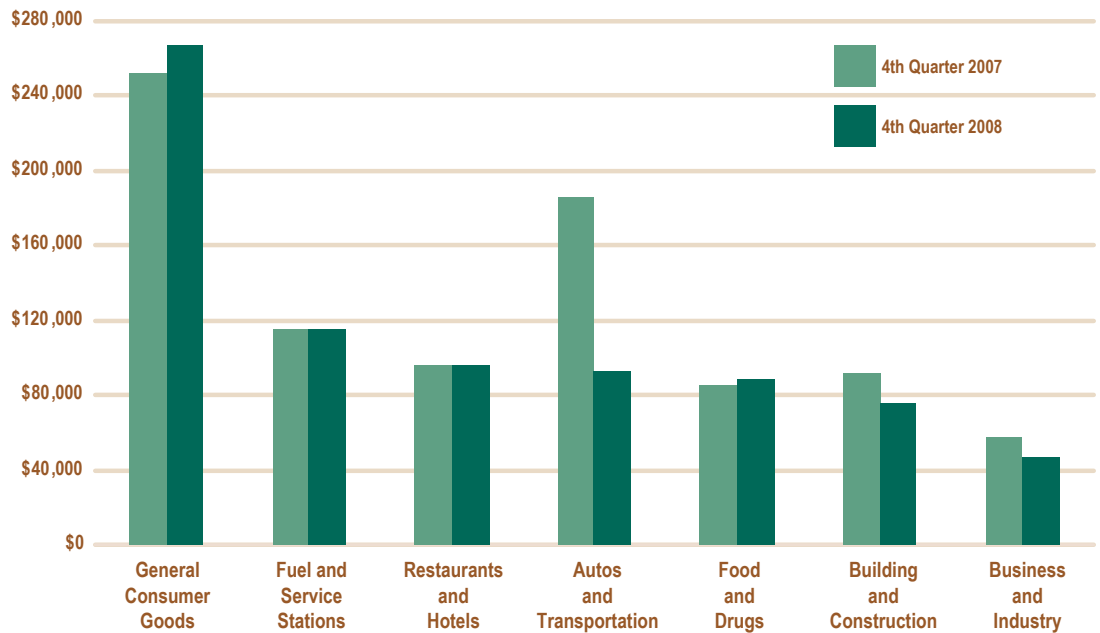
The allocation from Lompoc's October through December sales tax was 12.1% less than the same quarter one year ago.

Decreased sales from restaurants with no alcohol, drug stores, specialty stores and some categories of Building & Construction were partially responsible for the decrease. A recent closeout in new auto dealerships also contributed to the decrease.

The losses were offset by increased sales from grocery stores with liquor, auto supply stores, repair shop/hand tool rentals and some categories of General Consumer Goods. Comparisons of service stations, restaurants with beer and wine, auto repair shops and some categories of General Consumer Goods were temporarily inflated by onetime accounting adjustments.

Adjusted for reporting aberrations, taxable sale for Santa Barbara County decreased 7.8% over the comparable time period while the Central Coast as a whole was down 12.3%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Albertsons	Stuarts Valero Mart
Anitas Spirit Gas & Mini Mart	Sunset Auto Center
Bet Plant Services	Taco Bell
Big Lots	Tesoro West Coast
Circle K	Toyota of Lompoc
Food 4 Less	Valero Corner Store
Home Depot	Valley Rock Ready Mix
JB Dewar	Vons
Lompoc Honda	Vons Gasoline Sales
Longs	Wal Mart
McDonalds	Walgreens
Mervyns	
Ross	
Staples	

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2007-08	2008-09
<b>Point-of-Sale</b>	\$2,656,146	\$2,534,748
<b>County Pool</b>	323,131	285,219
<b>State Pool</b>	1,191	1,016
<b>Gross Receipts</b>	<b>\$2,980,468</b>	<b>\$2,820,983</b>
<b>Less Triple Flip*</b>	<b>\$(745,117)</b>	<b>\$(705,246)</b>

\*Reimbursed from county compensation fund

### Statewide Sales Sink!

Adjusted for accounting aberrations, point of sale receipts from October through December sales were 13.1% lower than the same quarter of 2007. The revenues generated in this holiday quarter were the lowest since 2003.

The declines occurred in all categories of sales except fast food restaurants and grocery stores and were experienced in all counties and regions. Of particular significance were the 23% decline in receipts from petroleum related businesses which resulted from declining prices and consumption, a 37% drop in revenues from new car sales, and a 14.6% decrease in sales tax allocations from building and construction materials.

Tax revenues from general consumer goods were down 10.4% from the 2007 holiday quarter while business to business sales were 9.0% lower.

This was the sixth consecutive quarter of lower statewide allocations. Trade association surveys indicate that January through March sales will be equally dismal. The latest HdL consensus forecast estimates that fiscal 2008/2009 sales and use tax revenues will be 8.8% below the prior year.

Most economists believe that the recession will not bottom out until late 2009 and significant recovery will not occur before 2011/2012.

### New Sales Tax Rate

Article 13A of the state constitution authorizes the state legislature to increase taxes other than property by a two thirds vote. This allowed the 2008/2009 state budget compromise which temporarily increases the state portion of the sales and use tax rate by 1.0% from April 1, 2009 to July 1, 2011. The increase will be extended for one additional year if voters approve Proposition 1A, the state spending cap measure on the May ballot.

This brings California's top combined sales, transactions and use tax rate to

10.25%, except in Los Angeles County, where on July 1, 2009 the maximum possible rate becomes 10.75% as an additional one-half cent tax passed by that county's voters in November takes effect. Only two agencies in California will reach the highest rate.

Economists disagree on how consumers will react to a double digit sales tax. The actual impact may be difficult to distinguish from sales lost due to current economic conditions and record low consumer confidence.

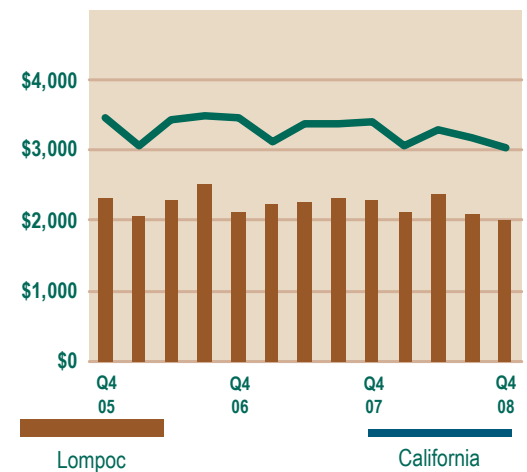
In preparing their revenue projections, the State Department of Finance assumed that the additional one cent tax would result in a one percent loss in future purchases.

### Stimulus Package Benefits

The American Recovery and Reinvestment Act of 2009 will send an estimated \$31 billion to the state. Roughly one third will be used to backfill state budget cutbacks in education and other programs, another third for new state spending and the final third for grants made on a competitive basis. Near-

term benefits most likely to boost retail spending include "Making Work Pay" tax credits to boost payroll checks, extending and increasing unemployment insurance payouts, and allowing buyers of new vehicles purchased between February 17th and December 31st to deduct state sales tax from their federal income tax. Analysts warn that for the short term, these benefits will do little more than slow the economy's descent.

### SALES PER CAPITA



### LOMPOC TOP 15 BUSINESS TYPES

Business Type	Lompoc		HdL State
	Q4 '08	Change	Change
Discount Dept Stores	— CONFIDENTIAL —	—	-3.3%
Service Stations	104,837	5.5%	-23.2%
Lumber/Building Materials	— CONFIDENTIAL —	—	-12.5%
Grocery Stores Liquor	55,952	6.7%	0.7%
New Motor Vehicle Dealers	55,511	-61.9%	-36.4%
Department Stores	— CONFIDENTIAL —	—	-7.6%
Restaurants No Alcohol	48,887	-2.5%	1.3%
Restaurants Beer And Wine	38,596	3.6%	-6.9%
Automotive Supply Stores	16,891	21.5%	-3.6%
Family Apparel	16,077	1.7%	-3.6%
Repair Shop/Hand Tool Rentals	14,713	9.8%	-6.2%
Variety Stores	14,306	2.3%	3.4%
Drug Stores	13,979	-4.4%	-1.4%
Specialty Stores	13,970	-7.8%	-7.2%
Auto Repair Shops	11,639	0.7%	-6.6%
<b>Total All Accounts</b>	<b>\$782,873</b>	<b>-11.6%</b>	<b>-10.3%</b>
<b>County &amp; State Pool Allocation</b>	<b>92,047</b>	<b>-16.3%</b>	
<b>Gross Receipts</b>	<b>\$874,920</b>	<b>-12.1%</b>	