

# Q2 2009



# City of Lompoc Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2009)

## Lompoc In Brief

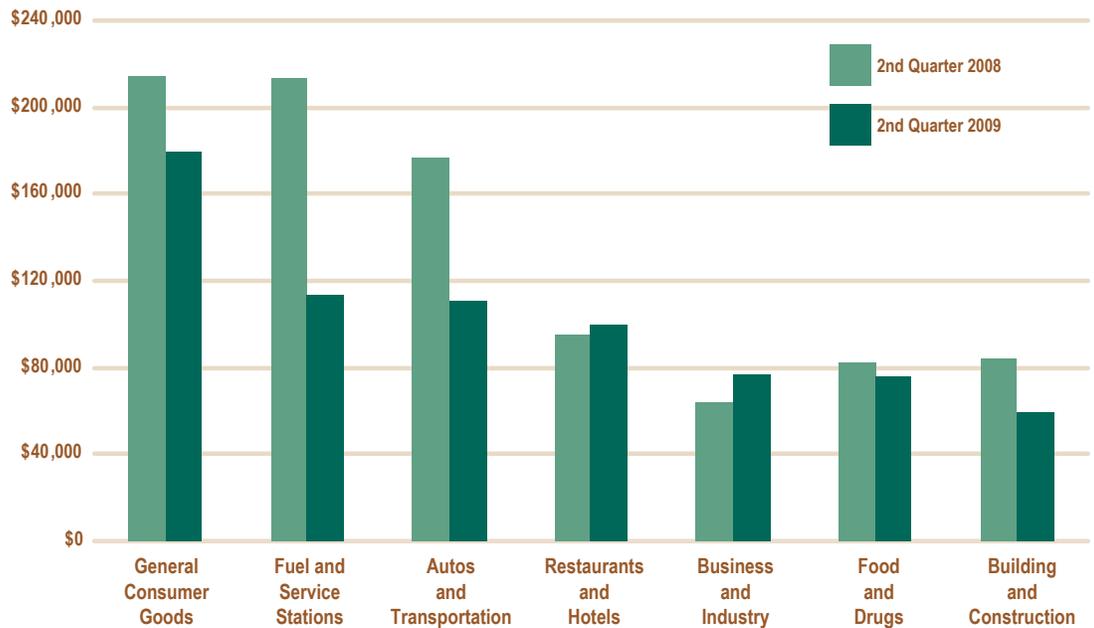
Gross receipts for Lompoc's April through June sales were 21.4% lower than the same quarter of 2008.

Recent business closures that cut postings from the automotive sector, and some categories of general consumer goods and restaurants with beer/wine were major factors for the decline. Lower fuel prices slashed fuel/service station receipts, but a double-up payment in the year-ago period exaggerated service station losses. Receipts were lower from several classifications within the building/construction group. One-time accounting events depressed results from the food/ drugs group.

A onetime use tax allocation lifted receipts from the business/industry group and postings were up from outlets selling family apparel. Payment deviations inflated results from restaurants without alcohol and automotive supply stores.

Adjusted for aberrations, taxable sales for the Central Coast region were 15.6% lower over the same period of time. The state as a whole dropped 18.4%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

Advanced Minerals	Stuarts Valero Mart
Albertsons	Sunset Auto Center
Anitas Spirit Gas & Mini Mart	Taco Bell
Chevron	Tesoro West Coast Company
Circle K	Toyota of Lompoc
CVS	Valero Corner Store
Food 4 Less	Valley Rock Ready Mix
Home Depot	Vons
Jack In The Box	Vons Gasoline Sales
JB Dewar	Wal Mart
Lompoc Honda	Walgreens
McDonalds	
Ross	
Staples	

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$929,867	\$716,260
County Pool	99,871	91,868
State Pool	(244)	730
<b>Gross Receipts</b>	<b>\$1,029,493</b>	<b>\$808,858</b>
<b>Less Triple Flip*</b>	<b>\$(257,373)</b>	<b>\$(202,215)</b>

\*Reimbursed from county compensation fund

**Statewide Trends**

Adjusted for accounting aberrations, the local portion of California's sales and use tax for transactions occurring April through June were 18.4% lower than last year's comparable quarter.

All categories and regions were down with receipts from fuel, automobiles, business supplies, and construction materials exhibiting the largest reductions. This is the eighth consecutive quarter of statewide declines but subsequent reductions should become increasingly moderate as the economy bottoms out and future quarters are compared to previous record lows.

**The Climb Back Up**

Statistically most economists agree that the national recession bottomed out somewhere around the end of July. Minor recovery is expected in the last half of the year as companies restock depleted inventories, federal stimulus programs filter through the system, and investor confidence returns.

However, restoration of California's previous sales tax levels will lag. Unemployment is projected to increase through the first quarter of 2010 and remain weak for several quarters after. Incomes are flat, household wealth has been exhausted, inflation is in decline, and the drops in property values are not over. Lenders are less risk tolerant and previously excessive borrowers have become disciplined savers.

The California Budget Project recently concluded that it took six years for the average household to fully rebound from the jobless recovery following the recession of 2001. New consumer frugality, tight credit, and moderate job growth may result in an equally slow recovery from this recession.

Prognostications for key segments:

**General Consumer Goods** – Sales of personal electronics remain solid but consumers are focusing on price and necessities when it comes to apparel and other merchandise. Weak back-to-school sales and limited credit

for new stock have retailers planning lean inventories for the holiday season which is projected to be flat with only modest gains through 2010.

**Transportation** - Cash-for-clunkers stimulated new car sales but largely borrowed from the next two quarters. Significant recovery is not expected until the 2011 models arrive. RV, boat, and motorcycle sales may languish until the return of full employment.

**Business & Industry** – Sales to health providers and manufacturers of food products, energy, and information technology remain stable. Investment in equipment and supplies as a whole however, generally drops in and out of a recession four to six quarters after consumer goods. Continued declines are expected through 2010.

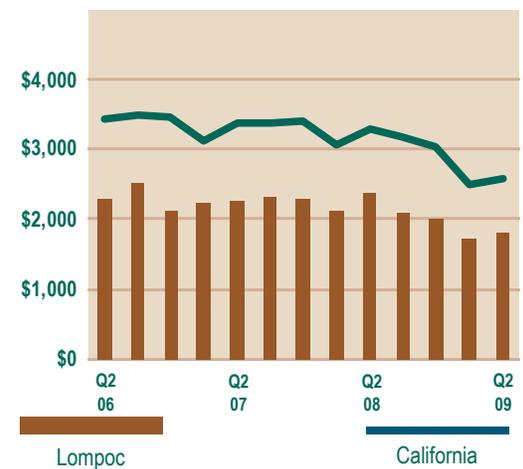
**Building & Construction** - Benefits from the stimulus package will be offset by state cutbacks. Projections are for weak office and commercial construction. Modest recovery in overall spending is not expected until after next summer.

**Fuel & Service Stations**- Lack of competition allows refiners to manip-

ulate costs of the state's environmentally friendly summer blend, but overall receipts are expected to stabilize after next quarter's comparison with the previous year's record price spike.

**Grocers & Restaurants** – Intense price competition has kept receipts from grocers' taxable goods down while higher-end restaurants continue to experience reduced patronage. Revenues are expected to remain flat for the next five to six quarters.

**SALES PER CAPITA**



**LOMPOC TOP 15 BUSINESS TYPES**

Business Type	Lompoc		HdL State
	Q2 '09	Change	Change
Service Stations	\$105,700	-44.8%	-36.8%
Discount Dept Stores	— CONFIDENTIAL —	—	-4.7%
New Motor Vehicle Dealers	68,974	-49.3%	-32.7%
Restaurants No Alcohol	54,719	23.7%	2.8%
Lumber/Building Materials	— CONFIDENTIAL —	—	-21.1%
Grocery Stores Liquor	50,279	3.3%	-2.6%
Heavy Industrial	37,623	na	-30.6%
Restaurants Beer And Wine	36,345	-13.5%	-12.5%
Automotive Supply Stores	17,662	24.2%	-5.6%
Family Apparel	17,409	15.6%	-5.5%
Specialty Stores	14,529	1.7%	-12.3%
Auto Repair Shops	12,887	-1.3%	-13.8%
Drug Stores	— CONFIDENTIAL —	—	0.2%
Repair Shop/Hand Tool Rentals	11,561	-22.4%	-53.5%
Home Furnishings	9,867	-16.0%	-20.5%
<b>Total All Accounts</b>	<b>\$716,260</b>	<b>-23.0%</b>	<b>-21.2%</b>
<b>County &amp; State Pool Allocation</b>	<b>92,598</b>	<b>-7.1%</b>	
<b>Gross Receipts</b>	<b>\$808,858</b>	<b>-21.4%</b>	