

# Q4 2013



# City of Lompoc Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2013)

## Lompoc In Brief

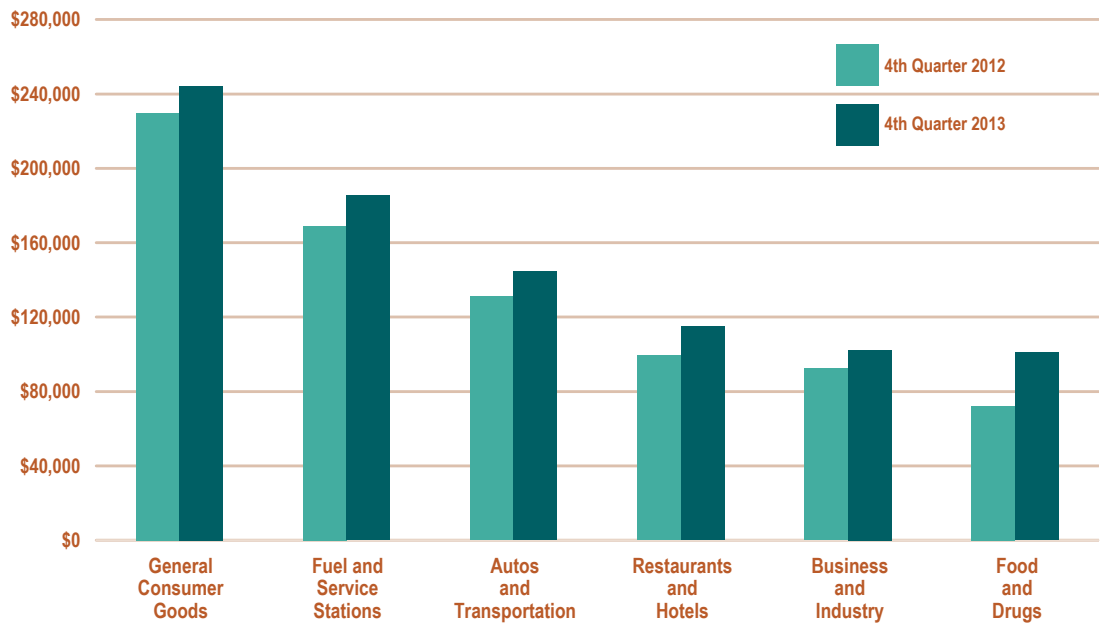
Receipts for Lompoc's October through December sales were 19.0% higher than the same quarter one year ago. Actual sales activity was up 9.6% when reporting aberrations were factored out.

Onetime reporting aberrations exaggerated results from the building & construction and food & drugs sectors. A temporary shift of business activity increased sales from fuel and service stations.

A recent addition helped boost revenues from new motor vehicle dealers, restaurants and the business & industry group. The city experienced a strong sales quarter for general consumer goods.

Adjusted for aberrations, taxable sales for all of Santa Barbara County increased 4.5% over the comparable time period, while the Central Coast region as a whole was down 1.0%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Rockettown Chrysler Dodge Jeep Ram
Advanced Minerals	Ross
Albertsons	Seasmoke Cellars
Applebees	Stuarts Valero Mart
Bet Plant Services	Sunset Auto Center
Circle K	Sunshine Gas & Market
Den Mat Holdings	Tesoro West Coast
Food 4 Less	Toyota of Lompoc
Home Depot	Valero Corner Store
JB Dewar	Vons
Lompoc Honda	Vons Gas
Marshalls	Walmart
McDonalds	

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2012-13	2013-14
<b>Point-of-Sale</b>	\$2,596,698	\$2,735,380
<b>County Pool</b>	330,652	353,230
<b>State Pool</b>	1,141	1,619
<b>Gross Receipts</b>	\$2,928,491	\$3,090,229
<b>Less Triple Flip*</b>	\$(732,123)	\$(772,557)

\*Reimbursed from county compensation fund

**Statewide Results**

Excluding accounting anomalies, the local share of sales and use tax receipts from California's 2013 holiday spending rose 3.4% over the fourth quarter of 2012.

Auto sales and leases and all categories of building and construction materials were substantially up over the previous year while tourism and convenience-driven consumer demand continued to produce healthy gains in restaurant related revenues.

Sales of luxury goods and portable electronics did particularly well while cut backs in food stamp programs and unemployment benefits reduced spending at discount department stores and many value oriented retailers. Generally, the gains in sales from online purchases were higher than for brick and mortar stores.

Rising fuel efficiency resulted in lower receipts from service stations and petroleum supply companies while a slowing pace in solar and alternate energy development reduced use tax receipts from the business/industrial segment.

Spending patterns were fairly consistent throughout most regions.

**E-Commerce Spending Up**

Tax receipts from holiday spending on general consumer goods at brick and mortar stores grew by 2.3% over last year's comparable quarter while local tax revenues from online purchases increased 16% and accounted for 10.3% of total general consumer goods sales and use tax receipts.

The rise in online retail shopping accelerates trends that began 20 years ago by sellers of materials and equipment to business and industrial users. Suppliers were able to take advantage of business preferences for the ease

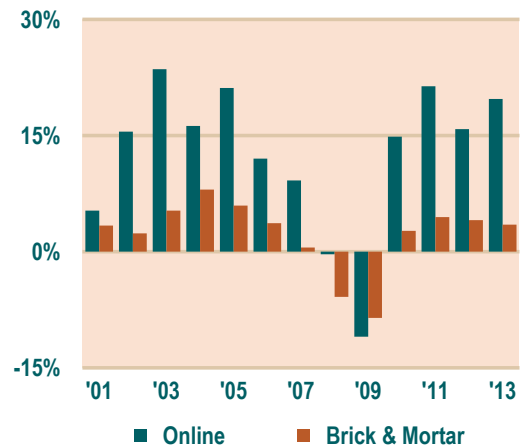
of online ordering by consolidating sales offices and inventories into just a few locations.

However, it was not until social networking and growth in the use of mobile devices that the general public became fully comfortable with online purchasing. Retail analysts expect the trend to expand and every major retailer is testing new concepts to reduce store size and overhead costs by driving more of their sales to centralized web-based order desks.

New technology, recent court decisions and legislative exemptions are constantly reducing what is taxable and has substantially altered the base on which the tax was created in 1933. The concentration of business supplies and now consumer goods into fewer and larger "points of sale" has accelerated competition for what is becoming a diminishing resource. Local governments are now bidding rebates up to 85% of the local tax collected in exchange for location of order desks.

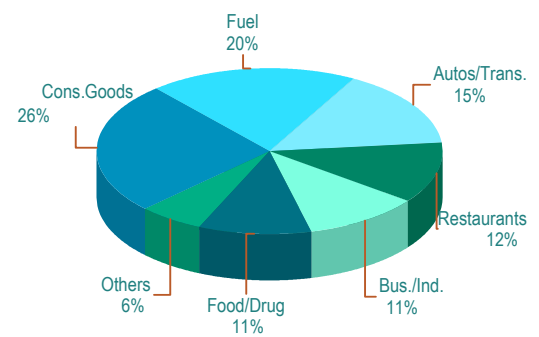
**ONLINE VS. BRICK & MORTAR**

Year-Over-Year Percent Growth



**REVENUE BY BUSINESS GROUP**

Lompoc This Quarter



**LOMPOC TOP 15 BUSINESS TYPES**

Business Type	Lompoc		HdL State
	Q4 '13	Change	Change
Automotive Supply Stores	20,851	-1.3%	3.1%
Casual Dining	44,237	31.5%	6.0%
Discount Dept Stores	— CONFIDENTIAL —		0.2%
Electronics/Appliance Stores	18,770	-5.7%	-0.6%
Family Apparel	39,636	5.7%	6.8%
Grocery Stores Beer/Wine	15,932	9.0%	2.2%
Grocery Stores Liquor	62,778	84.6%	38.3%
Lumber/Building Materials	— CONFIDENTIAL —		265.5%
Medical/Biotech	18,117	121.7%	24.0%
New Motor Vehicle Dealers	100,350	13.8%	9.4%
Petroleum Prod/Equipment	— CONFIDENTIAL —		-3.3%
Quick-Service Restaurants	55,500	8.5%	7.9%
Service Stations	153,795	-8.8%	-2.7%
Specialty Stores	15,468	10.7%	7.5%
Wineries	— CONFIDENTIAL —		11.6%
<b>Total All Accounts</b>	<b>\$949,855</b>	<b>17.2%</b>	<b>8.7%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$135,656</b>	<b>33.0%</b>	<b>22.6%</b>
<b>Gross Receipts</b>	<b>\$1,085,511</b>	<b>19.0%</b>	<b>8.8%</b>