

Q3 2014



City of Lompoc Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2014)

Lompoc In Brief

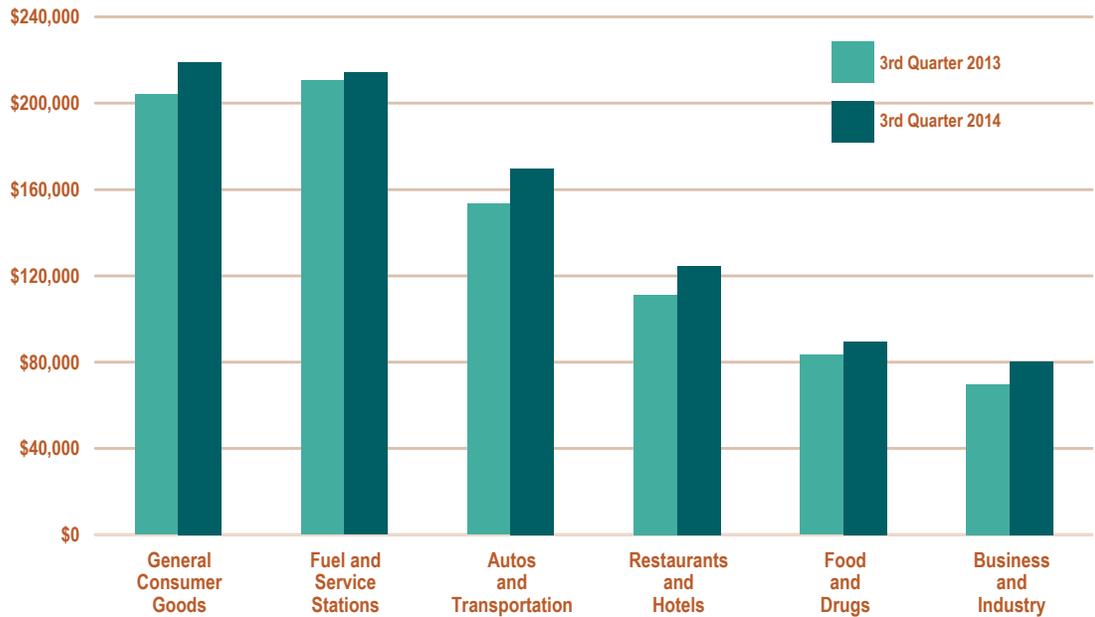
Receipts for Lompoc's July through September sales were 7.0% higher than the same quarter one year ago.

Solid sales of both new and used motor vehicles lifted returns from the automotive sector. Several classifications of general consumer goods also posted gains. Restaurant group returns benefited from a prior addition in the casual dining category. The medical-biotech sector led business and industry results.

Anomalies inflated comparisons for grocery-liquor, home furnishings and repair shop-equipment rentals. The larger allocation from the countywide use tax pool was also a factor for the overall increase in gross receipts. Pool disbursements were 23.2% higher than the comparison quarter when retroactive adjustments cut the amounts available for distribution.

Adjusted for aberrations, taxable sales for all of Santa Barbara County increased 5.7% over the comparable time period, while the Central Coast region as a whole was up 5.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Rockettown Chrysler Dodge Jeep Ram
Albertsons	Ross
Chevron	Stuarts Valero Mart
Circle K	Sunbelt Rentals
Conserv Fuel	Sunset Auto Center
Den Mat	Sunshine Gas & Market
Food 4 Less	Tesoro West Coast
Home Depot	Toyota of Lompoc
JB Dewar	Valero Corner Store
Lompoc Honda	Vons
Marshalls	Vons Gas
McDonalds	Walmart
Pacific Coast RV	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$1,785,525	\$1,912,253
County Pool	218,241	264,145
State Pool	951	1,403
Gross Receipts	\$2,004,718	\$2,177,801
Less Triple Flip*	\$(501,179)	\$(544,450)

*Reimbursed from county compensation fund

California Overall

With payment aberrations removed, local sales tax revenues rose 5.5% over the comparable quarter of July through September 2013.

The largest gains were from the countywide use tax pools which have been boosted by the rising shift to online shopping and involve a larger portion of goods shipped from out-of-state. Rising sales from auto dealers and restaurants, high tech Silicon Valley business activities, and Southern California construction also contributed.

Among general consumer goods, discount department stores, value priced apparel, home goods, pet and personal care products outperformed other categories.

The Impact of Falling Gas Prices on Sales Tax

Fuel prices plunged to a 5 year low in December with predictions that expanded North American oil production, gains in fuel efficiency and a sluggish international economy will sustain lower gas prices through much of 2015.

Not all of the estimated \$50 to \$75 per month family savings will be spent on taxable goods. Part will be absorbed by rising costs of food and other non-taxable necessities and by the ongoing shift in buying habits from purchases of taxable goods to non-taxable services, cellphone fees and internet access.

Among the various economic segments that make up each agency's sales tax base, grocers, drug stores and restaurants should benefit most. Extra disposable income translates into more travel, dining out and impulse purchases of taxable items while shopping for food and necessities.

Despite intensive price competition, tax gains from general con-

sumer goods can also be expected although accelerating online shopping will shift much of the growth to the countywide allocation pools rather than brick and mortar stores.

Agencies with auto dealerships are also benefiting as lower fuel prices and increased fuel efficiency have buyers choosing more costly SUVs and accessories. Gains in home improvement purchases are anticipated although the tax will be distributed via countywide pools if the sale includes onsite installation.

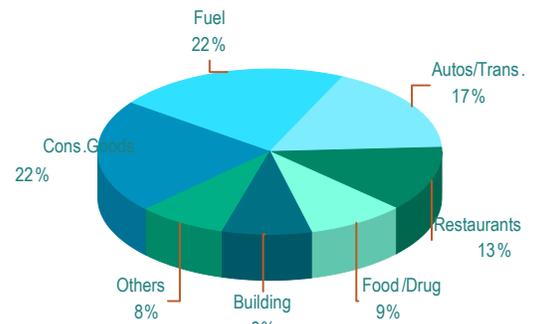
The major losing tax segment will be in fuel/service stations. The losses will be partially offset by increased travel/fuel consumption and by added costs associated with new green emission requirements that went into effect January 1. Even so, substantial declines from service stations, truck stops, bulk and jet fuel operators and petroleum industry suppliers should be anticipated. In the business/industry segment, tax from capital investment in new alternative energy and oil production projects is likely to slow.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Lompoc This Quarter



LOMPOC TOP 15 BUSINESS TYPES

Business Type	Lompoc		HdL State
	Q3 '14	Change	Change
Automotive Supply Stores	20,985	-2.2%	-0.1%
Casual Dining	53,292	14.9%	6.0%
Discount Dept Stores	— CONFIDENTIAL —		2.5%
Electronics/Appliance Stores	15,396	0.3%	2.5%
Family Apparel	34,881	0.9%	5.9%
Grocery Stores Beer/Wine	13,507	-3.9%	2.0%
Grocery Stores Liquor	55,719	14.5%	8.8%
Lumber/Building Materials	— CONFIDENTIAL —		4.3%
Medical/Biotech	30,098	50.9%	8.0%
New Motor Vehicle Dealers	116,054	10.5%	8.0%
Petroleum Prod/Equipment	— CONFIDENTIAL —		4.6%
Quick-Service Restaurants	61,468	6.6%	8.5%
Repair Shop/Equip. Rentals	17,524	21.0%	0.3%
Service Stations	178,213	4.2%	1.2%
Specialty Stores	13,055	9.1%	6.2%
Total All Accounts	\$980,102	4.9%	5.5%
County & State Pool Allocation	\$134,895	25.2%	23.4%
Gross Receipts	\$1,114,997	7.0%	6.1%