

Q1 2015



City of Lompoc Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2015)

Lompoc In Brief

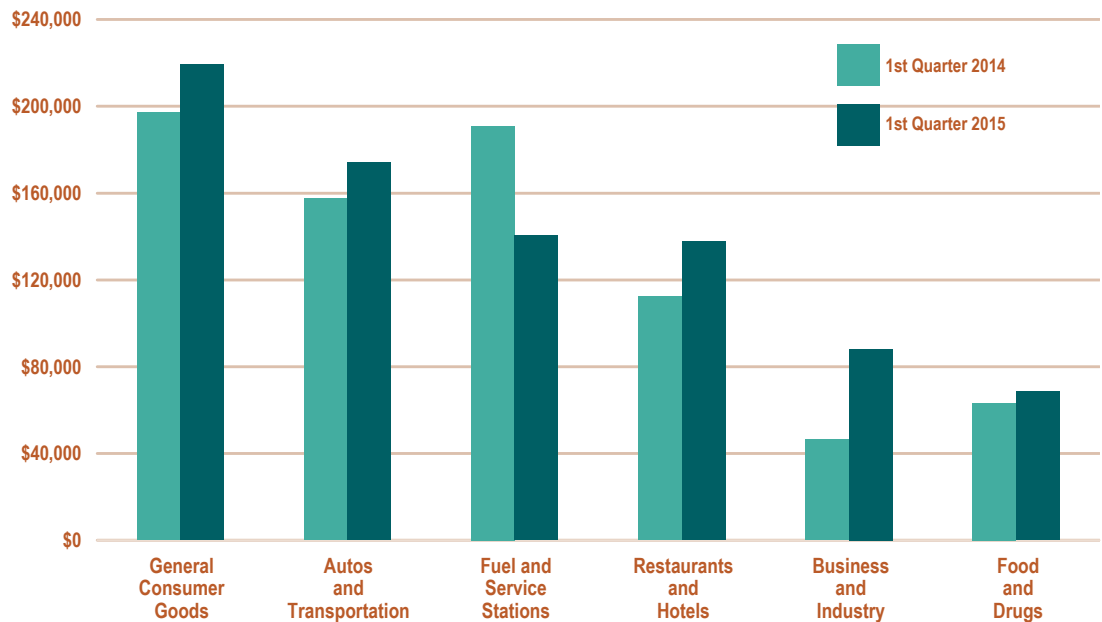
Receipts for Lompoc's January through March sales were 6.9% higher than the same quarter one year ago. Actual sales activity was up 1.3% when reporting aberrations were factored out.

Onetime accounting adjustments inflated results from the business and industry sector. The city experienced a strong sales quarter for general consumer goods and casual dining restaurants.

The gains were partially offset by lower fuel prices at the pump that reduced returns from fuel and service stations.

Adjusted for aberrations, taxable sales for all of Santa Barbara County increased 4.2% over the comparable time period, while the Central Coast region as a whole was up 3.0%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Albertsons	Robertson Dental Lab
Circle K	Rockettown Chrysler Dodge Jeep Ram
Conserv Fuel	Ross
Den Mat	Stuarts Valero Mart
Home Depot	Sunbelt Rentals
Jaspers	Sunset Auto Center
JB Dewar	Taco Bell
Lompoc Honda	Tesoro West Coast
Marshalls	Toyota of Lompoc
McDonalds	Valero Corner Store
Pacific Coast RV	Vons
Pommerville Automotive/Sunshine Market Gas	Vons Gas
	Walmart

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$3,570,349	\$3,810,538
County Pool	481,935	524,393
State Pool	2,420	2,517
Gross Receipts	\$4,054,704	\$4,337,448
Less Triple Flip*	\$(1,013,676)	\$(1,084,362)

*Reimbursed from county compensation fund

California as a Whole

Local one cent tax receipts from sales occurring January through March rose 3.65% over 2014's comparable quarter after adjusting for reporting anomalies.

An exceptionally strong quarter for auto sales/leases and restaurants was the primary contributor to the overall increase. A rise in building-construction materials was also a factor although much of this growth came from specific office and sports facility projects in Northern California.

Gains from sales of general consumer goods were primarily in value priced clothing, home furnishings and specialty retail which includes pet supplies and cosmetics. Online shopping involving goods shipped from out of state continues to shift a major portion of the growth in general consumer goods to the countywide pools.

The statewide gains were largely offset by a 21% decline in receipts from fuel and service stations.

Tax on Services

The Board of Equalization has released an estimate that levying sales and use tax on services would raise over \$122.5 billion in state and local revenues or enough to lower the overall tax rate to under 4%.

Originally imposed in 1933 as a 2 1/2% tax with only three exemptions, the legislature has gradually exempted more and more goods from the sales tax while raising rates to compensate for the corresponding revenue loss. This and the state's shift from a manufacturing to service economy has created the nation's highest sales tax rate on the narrowest basket of goods.

Although more discussion is needed, there is interest in expanding the sales tax to services and lowering the rate to make the tax less regressive and

more competitive while providing greater flexibility in the development of local tax bases.

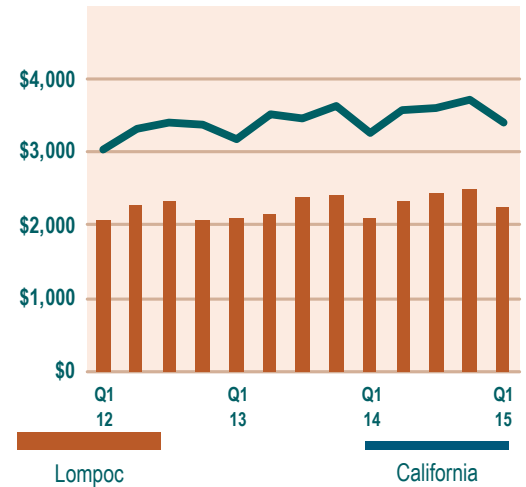
Tax on Jet Fuel

The Federal Aviation Administration has ruled that sales taxes on jet fuel must only be used for airport and aviation programs. The rule applies to taxes levied after 1987 but is unclear as to transactions tax districts, Proposition 172 revenues, or revenues collected by jurisdictions without airports. Clarification will not be available until FAA review and approval of a plan that has to be submitted by the state Department of Finance by December 8, 2015.

Tax on Marijuana

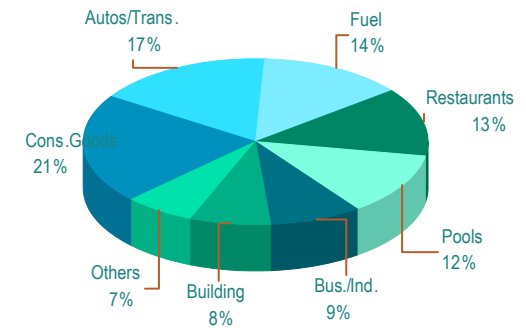
A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE findings are expected by November 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Lompoc This Quarter



LOMPOC TOP 15 BUSINESS TYPES

Business Type	Lompoc		HdL State
	Q1 '15	Change	Change
Auto Repair Shops	11,847	9.5%	7.0%
Automotive Supply Stores	23,234	8.3%	5.2%
Casual Dining	65,341	27.4%	5.5%
Discount Dept Stores	— CONFIDENTIAL —		4.2%
Electronics/Appliance Stores	16,804	9.2%	-0.4%
Family Apparel	32,929	9.4%	9.8%
Grocery Stores Liquor	33,742	11.3%	5.1%
Lumber/Building Materials	— CONFIDENTIAL —		-2.9%
Medical/Biotech	43,140	73.3%	5.2%
New Motor Vehicle Dealers	115,245	1.5%	11.1%
Petroleum Prod/Equipment	— CONFIDENTIAL —		-18.0%
Quick-Service Restaurants	62,000	13.6%	10.6%
Repair Shop/Equip. Rentals	13,349	-0.9%	1.2%
Service Stations	124,009	-21.0%	-21.9%
Wineries	12,038	16.3%	17.3%
Total All Accounts	\$905,647	8.5%	3.6%
County & State Pool Allocation	\$125,149	-3.4%	-7.5%
Gross Receipts	\$1,030,796	6.9%	-7.5%