

Q2 2015



City of Lompoc Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2015)

Lompoc In Brief

Receipts for Lompoc's April through June sales were 1.1% higher than the same quarter one year ago. Actual sales activity was down 0.9% when reporting aberrations were factored out.

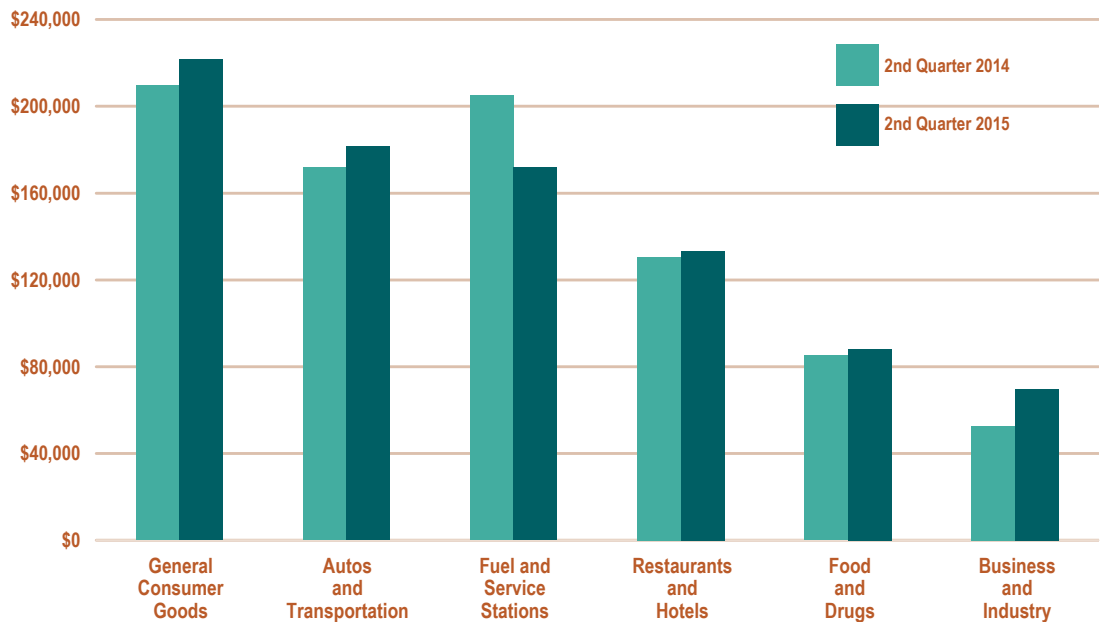
Onetime adjustments from some categories of business and industry were largely responsible for temporarily lifting the overall results. Autos and transportation posted higher receipts that were lifted, in part, by a new business. The increase from grocery stores with liquor was a significant factor in the gain from the food and drugs group.

General consumer goods experienced strong sales from multiple categories including family apparel, home furnishings, and specialty stores. In addition, various categories of the building and construction and restaurant groups were up.

The gains were partially offset by sales declines from service stations.

Adjusted for aberrations, taxable sales for all of Santa Barbara County increased 3.3% over the comparable time period, while the Central Coast region as a whole was up 1.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Rockettown Chrysler Dodge Jeep Ram
Albertsons	Ross
Circle K	Stuarts Valero Mart
Conserv Fuel	Sunbelt Rentals
Den Mat	Sunset Auto Center
FoodsCo	Tesoro West Coast
Home Depot	Toyota of Lompoc
Lompoc Honda	Valero Corner Store
Marshalls	Valley Rock Ready Mix
McDonalds	Vons
Pacific Coast RV	Vons Gas
Pommersville Automotive/Sunshine Market Gas	Walmart
Robertson Dental Lab	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$932,151	\$949,128
County Pool	129,931	125,007
State Pool	722	800
Gross Receipts	\$1,062,804	\$1,074,935
Less Triple Flip*	\$(265,701)	\$(268,734)

*Reimbursed from county compensation fund

Statewide Sales Tax Trends

Excluding accounting aberrations, the local one cent share of statewide sales occurring April through June was 3.4% higher than the comparable quarter of 2014.

Receipts from the countywide use tax allocation pools accounted for the largest portion of the increase reflecting a continuing shift in consumer preferences from brick and mortar stores to online shopping for merchandise shipped from out of state.

Sales and leases of new cars continued to post impressive gains as did contractor supplies and restaurants. Overall gains were offset by a 17.1% decline in receipts from service stations and petroleum related industries.

The Remaining Fiscal Year

The state's unemployment rate continues to decline and real disposable income is expected to grow 2.5% to 3.0% in the second half of 2015. This improvement in incomes coupled with easy credit conditions should stimulate an increase in housing starts as well as capital investment in equipment, alternate energy and technology.

The auto industry is anticipating continuing strong sales until tapering to more sustainable levels in 2016-2017. Building and construction, the only retail segment yet to return to pre-recession levels, is gaining momentum in several regions and is expected to account for 10% of sales tax growth in the second half of the fiscal year.

Restaurant sales continue to rise although there are some concerns that the strong dollar may impact sales in areas that cater to tourists from abroad. Gains from consumer goods are expected to be modest with the strong dollar cutting prices of imported goods and an ongoing shift in consumer spending from tangible goods to services, entertainment and other non-taxable purchases.

Gasoline prices remain well below the previous year due to a worldwide glut

of oil. Barring unexpected supply or refinery disruptions, prices are expected to trend lower through the first half of 2015-16 but begin rebounding in the second half.

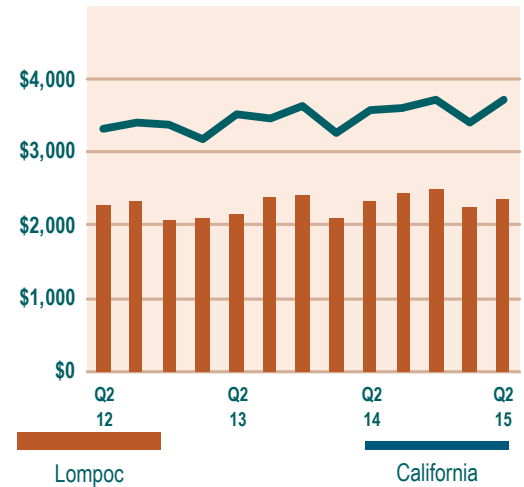
Internet Sales Tax Proposal

HR 2775 (The Remote Transaction Parity Act) is a new proposal by Representative Jason Chaffetz (R-Utah) authorizing states to require remote sellers without physical presence in their state to collect state and local sales tax from in-state buyers.

The bill currently has 52 sponsors and attempts to address objections to elements of the Marketplace Fairness Act that preceded it. The proposal provides for a three year phase in for small businesses, prohibits auditing remote sellers with annual sales under \$5 million, and requires states to provide software to enable remote sellers to collect and remit their tax.

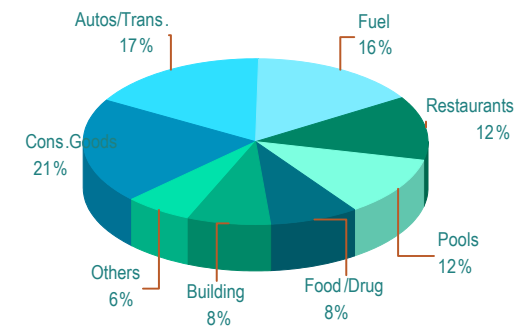
The Board of Equalization estimates that local governments in California currently lose approximately \$44 per capita in uncollected sales and use tax on e-commerce purchases.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Lompoc This Quarter



LOMPOC TOP 15 BUSINESS TYPES

Business Type	Lompoc		HdL State
	Q2 '15	Change	Change
Automotive Supply Stores	21,563	2.8%	5.5%
Casual Dining	53,815	-4.9%	6.0%
Discount Dept Stores	— CONFIDENTIAL —		-0.1%
Electronics/Appliance Stores	15,212	-3.4%	-1.3%
Family Apparel	34,274	3.8%	2.8%
Grocery Stores Liquor	53,714	8.3%	3.6%
Lumber/Building Materials	— CONFIDENTIAL —		4.5%
Medical/Biotech	29,779	-6.7%	-4.4%
New Motor Vehicle Dealers	118,746	-6.2%	9.2%
Quick-Service Restaurants	67,883	5.8%	9.2%
Repair Shop/Equip. Rentals	12,484	-1.8%	23.7%
Service Stations	166,417	-8.0%	-11.7%
Specialty Stores	11,421	1.4%	5.6%
Trailers/RVs	— CONFIDENTIAL —		19.1%
Variety Stores	12,470	11.1%	7.1%
Total All Accounts	949,128	1.8%	2.8%
County & State Pool Allocation	125,807	-3.7%	-2.1%
Gross Receipts	1,074,935	1.1%	3.8%