

Q3 2015



City of Lompoc Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2015)

Lompoc In Brief

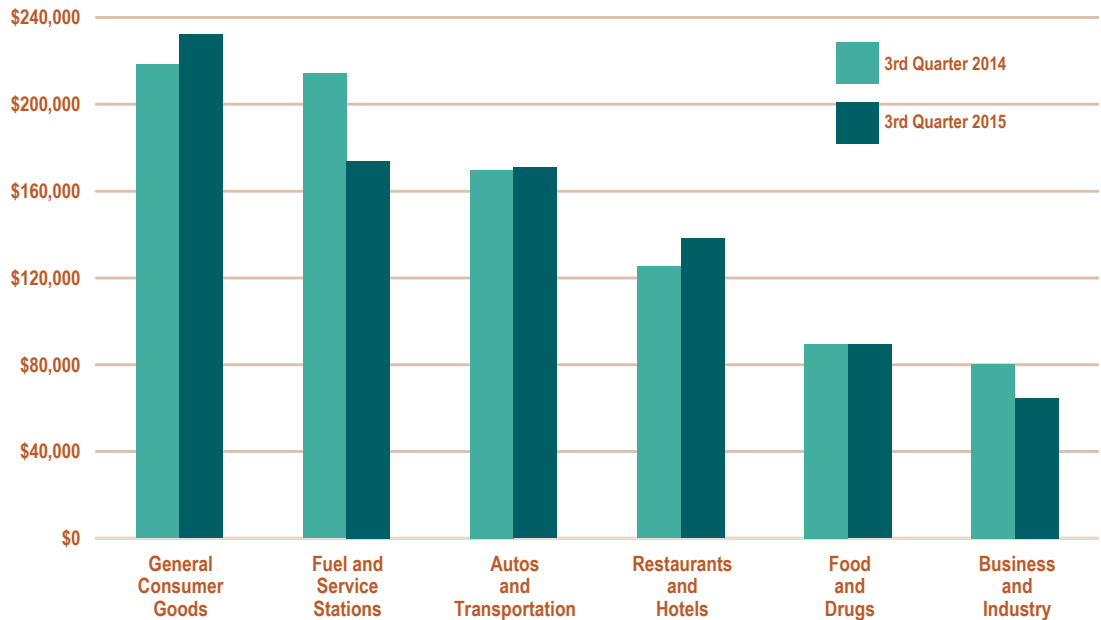
Lompoc's receipts from July through September sales were 4.4% less than the same quarter one year ago. Actual sales activity dipped 1.9% when accounting anomalies were factored out.

Lower fuel prices and a reporting shift that cut receipts from the fuel and service station group were a major factor for the decline in point of sale receipts, but lower sales in the medical-biotech sector and a year ago adjustment that depressed results from business services were also factors. Current quarter one-time adjustments that cut the size of the countywide use tax pool also contributed to the decline in gross receipts.

Sales were up from several categories of general consumer goods and some classifications within the automotive group. Restaurant group comparisons were overstated by a reporting anomaly that affected quick service eateries and a payment deviation that depressed last year's postings from casual dining.

Net of aberrations, taxable sales for the Central Coast region increased 3.0% over the same time period. Statewide totals were up 3.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

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

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$1,912,253	\$1,907,745
County Pool	264,145	231,866
State Pool	1,403	977
Gross Receipts	\$2,177,801	\$2,140,588
Less Triple Flip*	\$(544,450)	\$(535,147)

*Reimbursed from county compensation fund

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter were up 2.4% over last year's comparable quarter after adjusting for payment aberrations.

New and used auto sales and leases continued to exhibit solid gains and were the primary contributor to the quarter's statewide growth. The countywide allocation pools were the second largest contributors to the overall gain, boosted by increased online sales activity. The state's travel and tourism industry contributed to a robust increase in receipts from restaurants and hotels. Recovering building and construction activity was also significant with an 8.6% increase over the comparison period.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the fourth consecutive quarter.

Overall performance was similar throughout most regions of the state, however the effect of lower fuel prices significantly dampened results in portions of the San Joaquin Valley.

Online Retail Sales Continue to Outpace Brick & Mortar Stores

Fourth quarter tax results will not be available until March but preliminary reports indicate holiday purchases from some brick and mortar stores are flat or down from 2014, while the volume of online shopping has set new records.

Although stores are not in danger of disappearing, the trend has many retail chains considering long-term plans for smaller "showroom" units with less square footage, employees, and in-store inventory.

HdL's statewide sales tax database for the first three quarters of 2015 shows that online orders for general consumer goods rose 17.6% over the first three quarters of 2014, while the overall sales gains at brick and mortar stores grew a modest 2.2%.

New Restrictions on Tax Sharing Agreements

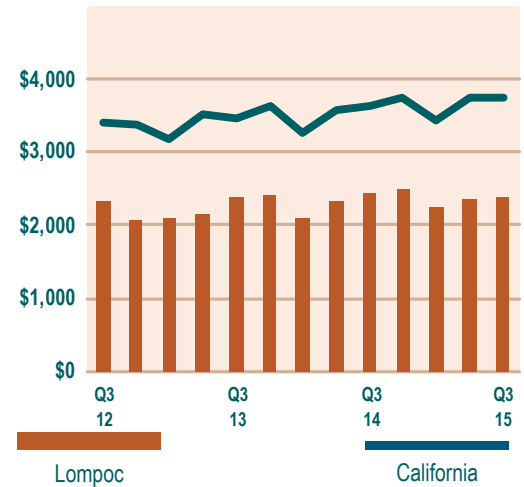
Tax rebates are subject to additional restrictions and reporting requirements in 2016.

Newly adopted Government Code Section 53084.5 prohibits tax sharing agreements that reduce another agency's sales tax if the business generating the tax continues to maintain a physical presence in the losing agency's jurisdiction.

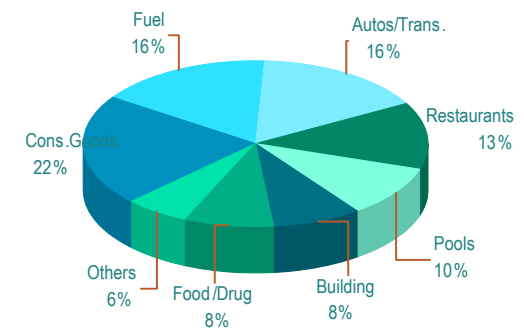
The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial statements with periods beginning after December 15, 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Lompoc This Quarter



LOMPOC TOP 15 BUSINESS TYPES

Business Type	Lompoc		HdL State
	Q3 '15	Change	Change
Auto Repair Shops	12,579	29.0%	6.3%
Automotive Supply Stores	20,521	-2.2%	5.2%
Casual Dining	60,582	12.0%	5.6%
Discount Dept Stores	— CONFIDENTIAL —		2.1%
Electronics/Appliance Stores	16,257	5.6%	3.9%
Family Apparel	37,076	6.3%	2.2%
Grocery Stores Beer/Wine	13,369	10.9%	1.9%
Grocery Stores Liquor	53,633	-3.7%	3.8%
Lumber/Building Materials	— CONFIDENTIAL —		6.7%
Medical/Biotech	26,692	-11.3%	-0.7%
New Motor Vehicle Dealers	113,295	-2.4%	8.2%
Quick-Service Restaurants	66,826	8.7%	6.7%
Repair Shop/Equip. Rentals	— CONFIDENTIAL —		3.4%
Service Stations	163,763	-8.1%	-11.8%
Specialty Stores	13,105	8.8%	5.7%
Total All Accounts	958,617	-2.2%	2.3%
County & State Pool Allocation	107,036	-20.7%	-16.9%
Gross Receipts	1,065,653	-4.4%	-16.9%