

# Q1 2016



# City of Lompoc Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2016)

## Lompoc In Brief

Lompoc's receipts from January through March were 4.4% below the first sales period in 2015. Excluding reporting aberrations, actual sales were down 1.5%.

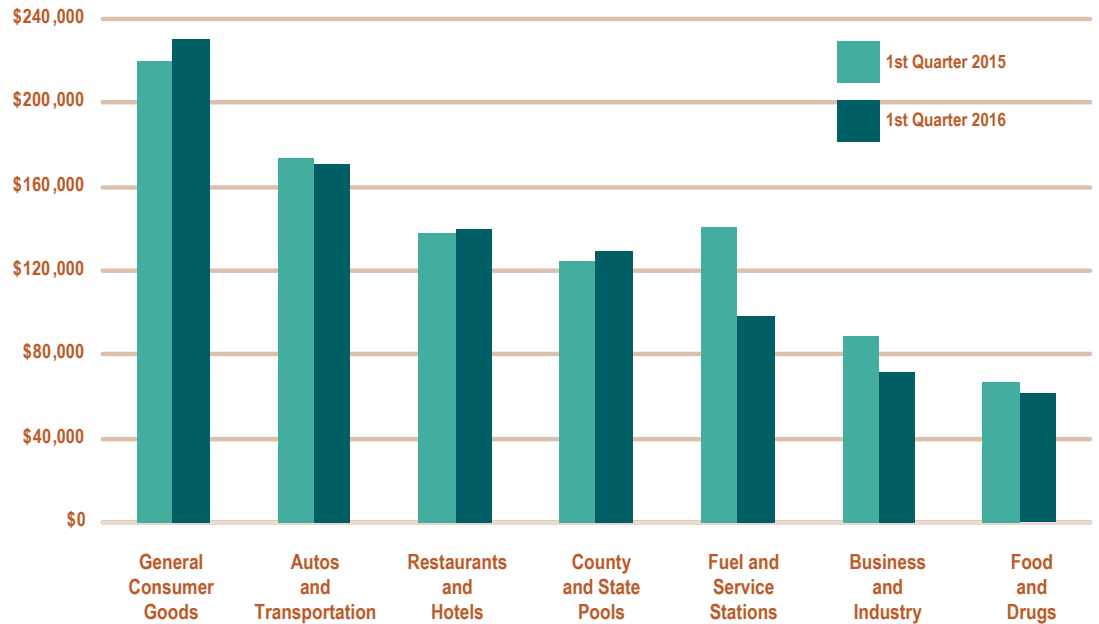
Lower fuel prices that reduced revenues from the fuel and service stations sector were primarily responsible for the current decrease.

Double-up payments that inflated year-ago receipts exaggerated the drop in medical/biotech and casual dining restaurants.

The losses were partially offset by a strong sales quarter for quick-service restaurants and several categories of general consumer goods.

Net of aberrations, taxable sales for all of Santa Barbara County grew 3.3% over the comparable time period; the Central Coast region was up 4.2%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

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

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$3,810,538	\$3,755,145
County Pool	524,393	519,732
State Pool	2,517	2,704
Gross Receipts	\$4,337,448	\$4,277,582
Less Triple Flip*	\$(1,084,362)	\$(822,927)

\*Reimbursed from county compensation fund

**California Overall**

The local one-cent share of the statewide sales and use tax was 3.1% higher than the year-ago quarter after excluding payment aberrations.

Gains in the countywide use tax pools were the largest contributor to the increase due to the growing impact of online purchases from out-of-state sellers and the corresponding shift of tax revenues from brick and mortar retail stores to fulfillment centers that process orders online. Not surprisingly, areas with concentrations of young, affluent buyers saw the highest online sales growth and the weakest general consumer goods results.

Solid results from auto sales and leases, transportation rentals, contractor supplies and restaurants also contributed to the overall increase.

The 5.6% gain in the business-industry sector was bolstered by onetime receipts for equipment purchases related to alternative energy projects.

Most general consumer goods categories were flat or down, except for specialty stores, electronics-appliance stores and home furnishings, consistent with the trend of consumers buying more from online retailers.

Gains from most other segments were relatively modest, while lower prices at the pump caused an 11.4% decline in fuel tax revenues, extending the decline to a sixth consecutive quarter.

**Robust Growth in Online Sales**

National surveys reveal that consumers buy online to avoid crowds, save time and find better bargains. Online shopping also benefits buyers in rural areas with fewer shopping options.

Total online spending comprised 12.8% of all general consumer goods purchases in 2015, up from 3.4% in 2000.

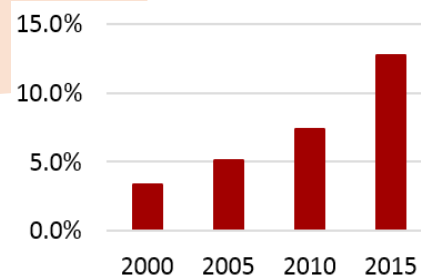
According to Forrester Research, Amazon accounted for 60% of total online sales growth in 2015.

Though the online share of overall sales

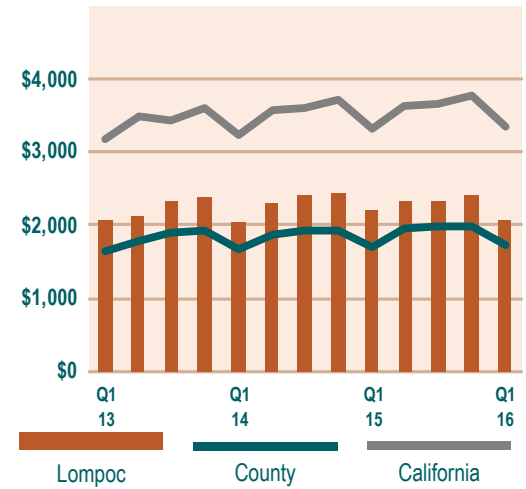
remains relatively modest, the year-over-year growth rate indicates a major shift in retailing is well underway. In response, more and more traditional brick and mortar retailers are opening online sales channels in recognition of this growing trend largely powered by younger buyers.

Department store chains have been particularly hard hit as Amazon has expanded its offerings to include apparel and fashion merchandise. Media reports indicate Macy's recently suffered its worse quarterly sales since the recession, while Nordstrom, J.C. Penney and Kohl's all reported lower sales. Each of these chains has established a solid web presence in a fight to retain market share.

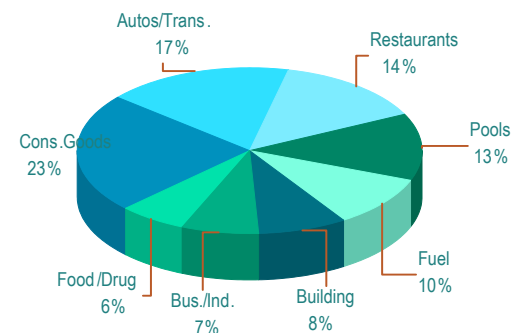
**Online General Consumer Goods  
YOY Percentage Growth**



**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP  
Lompoc This Quarter**



**LOMPOC TOP 15 BUSINESS TYPES**

Business Type	Lompoc		County	HdL State
	Q1 '16	Change	Change	Change
Automotive Supply Stores	24,103	3.7%	5.2%	4.8%
Casual Dining	56,784	-13.2%	7.8%	5.9%
Discount Dept Stores	— CONFIDENTIAL —	—	1.8%	-0.3%
Electronics/Appliance Stores	19,515	16.1%	6.2%	2.8%
Family Apparel	34,290	4.1%	5.9%	-0.7%
Grocery Stores Beer/Wine	11,724	-1.0%	9.0%	-1.6%
Grocery Stores Liquor	27,625	-18.1%	-0.6%	1.6%
Home Furnishings	13,629	32.4%	13.3%	3.0%
Lumber/Building Materials	— CONFIDENTIAL —	—	3.1%	4.5%
Medical/Biotech	32,164	-25.3%	-19.1%	7.9%
New Motor Vehicle Dealers	111,210	-3.5%	7.6%	3.1%
Quick-Service Restaurants	72,392	16.3%	5.6%	6.4%
Service Stations	91,922	-25.9%	-6.9%	-9.3%
Specialty Stores	13,154	11.3%	2.1%	3.4%
Variety Stores	— CONFIDENTIAL —	—	3.1%	0.5%
<b>Total All Accounts</b>	<b>856,102</b>	<b>-5.5%</b>	<b>2.0%</b>	<b>1.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>129,770</b>	<b>3.7%</b>	<b>10.1%</b>	<b>14.1%</b>
<b>Gross Receipts</b>	<b>985,872</b>	<b>-4.4%</b>	<b>3.7%</b>	<b>3.2%</b>