

# Q4 2016



# City of Lompoc Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (October - December 2016)

## Lompoc In Brief

Lompoc's receipts from October through December were 6.8% above the fourth sales period in 2015. Excluding reporting aberrations, actual sales were up 4.8%.

The City experienced exceptional growth by new auto dealers, enhanced by continued low interest rates on long-term financing options and manufacturer incentives. The results far exceeded the current regional and statewide trends.

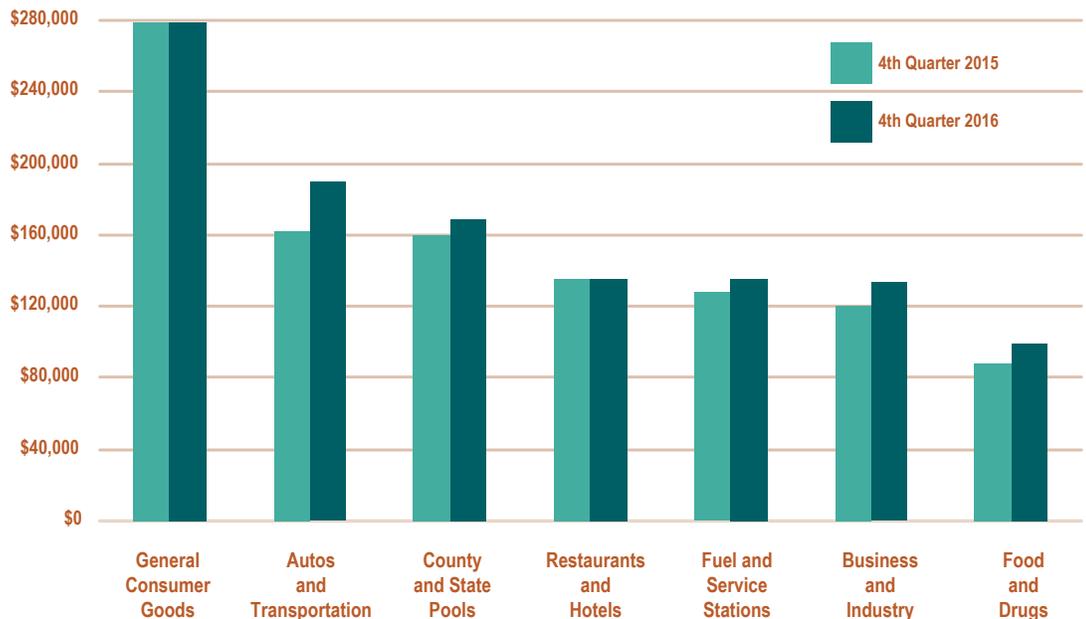
A new merchant and solid winter activity helped push building-construction higher, while improved sales by medical/biotech suppliers lifted business-industry. After a long period of declines, receipts from service stations also rose.

These increases in local point of sale revenue and a rise in capital and online purchases shipped into the region, grew allocations from the countywide use tax pool, further contributing to the positive outcome.

Lackluster holiday returns from home furnishing retailers adversely impacted general consumers and payment anomalies, which inflated prior year receipts, kept current restaurant results flat.

Net of aberrations, taxable sales for all of Santa Barbara County declined 0.3% over the comparable time period; the Central Coast region was up 1.0%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Rockettown Chrysler Dodge Jeep Ram
Albertsons	Rockettown Honda
Circle K	Ross
Conserv Fuel	Seasmoke Cellars
Den Mat	Stuarts Valero Mart
FoodsCo	Sunbelt Rentals
Home Depot	Sunset Auto Center
JB Dewar	Tesoro West Coast Company
Marshalls	Toyota of Lompoc
McDonalds	Vons
Pacific Coast RV	Vons Gas
Pommerville Automotive/Sunshine Market	Walmart Supercenter
Gas	
Robertson Dental Lab	

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2015-16	2016-17
Point-of-Sale	\$2,899,044	\$2,973,864
County Pool	389,404	462,581
State Pool	3,263	1,772
Gross Receipts	\$3,291,710	\$3,438,217
Less Triple Flip*	\$(822,927)	\$0

\*Reimbursed from county compensation fund

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NOTES

**Statewide Results**

Statewide sales tax receipts for the fourth quarter rose 1.5% over 2015, when excluding reporting aberrations.

The largest gain was in the county-wide use tax allocation pools due to the acceleration in online shopping where many of the orders are placed to, or shipped from, out-of-state fulfillment centers. Restaurant and auto sales closed the calendar year with strong results while receipts from general consumer goods were flat. Off-price apparel and dollar store gains offset declines in traditional department stores and warehouse retailers.

Business and industry receipts were down due to cutbacks in major energy projects; however, huge gains in warehouse fulfillment centers that fill in-state shipments from online orders somewhat negated the decline.

On an annual basis, the statewide gain ended 2.1% higher than calendar year 2015.

**The Shrinking, Disappearing Retail Store**

Agencies dependent on traditional brick-and-mortar retail stores for a major portion of their sales tax will be facing new challenges in the coming year as merchants retrench and downsize to cope with a rapidly changing environment.

Generational preferences for experiences over merchandise, plus the growing costs of health care, education and housing, are reducing discretionary spending for taxable goods while time-challenged consumers are opting for the convenience of online shopping.

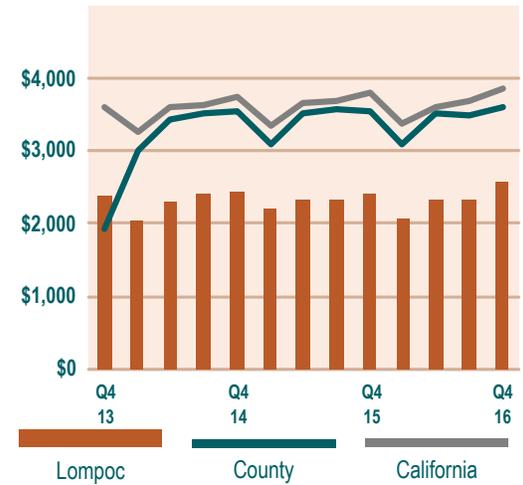
Online sales accounted for 13.0% of all general consumer goods purchased in 2016 with a 9.2% gain over calendar year 2015, while the growth in tax receipts from brick-and-mortar stores only grew 0.6%. The trend has been accelerated by the growing popularity of smart phones which Amazon estimates were used by nearly 70% of its shoppers during the most recent holiday quarter.

Retailers are responding by increasing their investment in mobile shopping platforms and delivery systems while pulling back investment on brick-and-mortar stores. Substantial closures are planned for 2017 while experiments with smaller stores, pick-up locations for online purchases, temporary “pop-up” shops and subleasing in-store space to others are on the rise.

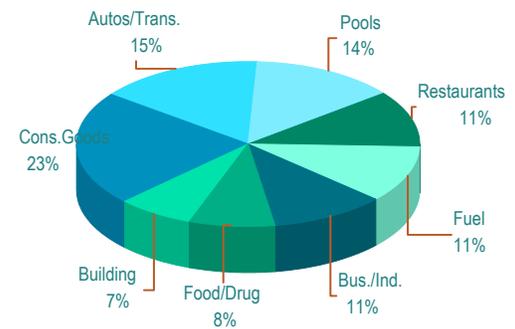
Mall operators are turning to grocers, fitness centers, medical services and residential components to fill vacant space and attract traffic. Smaller centers and downtown areas are responding by enhancing the shopping experience with more dining and entertainment options while local governments seek voter approval for higher levies to offset shrinking tax bases.

Stores are not in danger of disappearing. The ability to see, touch and feel, along with the overall shopping experience, will always be important. But evolving trends are requiring more focused economic strategies with better data and closer collaborations. The ultimate solution may be tax rates levied against today’s economy rather than the one that existed when sales tax was first imposed in 1933.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Lompoc This Quarter



**LOMPOC TOP 15 BUSINESS TYPES**

Business Type	<i>*In thousands of dollars</i>			
	Lompoc Q4 '16*	Lompoc Change	County Change	HdL State Change
Automotive Supply Stores	25.1	17.4%	14.6%	0.0%
Building Materials	— CONFIDENTIAL —	—	-0.9%	0.7%
Casual Dining	56.7	3.6%	-1.9%	2.7%
Convenience Stores/Liquor	27.3	13.6%	0.7%	5.0%
Discount Dept Stores	— CONFIDENTIAL —	—	-1.6%	-0.6%
Electronics/Appliance Stores	21.6	-2.0%	-4.1%	-1.3%
Family Apparel	48.2	10.3%	2.5%	4.7%
Grocery Stores	60.3	16.6%	0.5%	3.9%
Medical/Biotech	30.1	27.9%	-22.7%	0.3%
New Motor Vehicle Dealers	128.8	19.1%	6.1%	5.6%
Quick-Service Restaurants	70.8	-1.1%	5.4%	5.7%
Repair Shop/Equip. Rentals	12.2	-14.5%	-10.0%	6.3%
Service Stations	127.4	4.6%	-1.0%	-1.0%
Variety Stores	14.4	3.6%	-0.2%	5.4%
Wineries	— CONFIDENTIAL —	—	-2.6%	5.6%
<b>Total All Accounts</b>	<b>1,060.9</b>	<b>7.0%</b>	<b>2.2%</b>	<b>2.4%</b>
<b>County &amp; State Pool Allocation</b>	<b>168.8</b>	<b>5.6%</b>	<b>0.9%</b>	<b>6.9%</b>
<b>Gross Receipts</b>	<b>1,229.7</b>	<b>6.8%</b>	<b>2.0%</b>	<b>3.0%</b>