

Q4 2015



City of Buellton Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2015)

Buellton In Brief

Buellton's receipts from October through December were 14.1% above the fourth sales period in 2014. Excluding reporting aberrations, actual sales were up 11.0%.

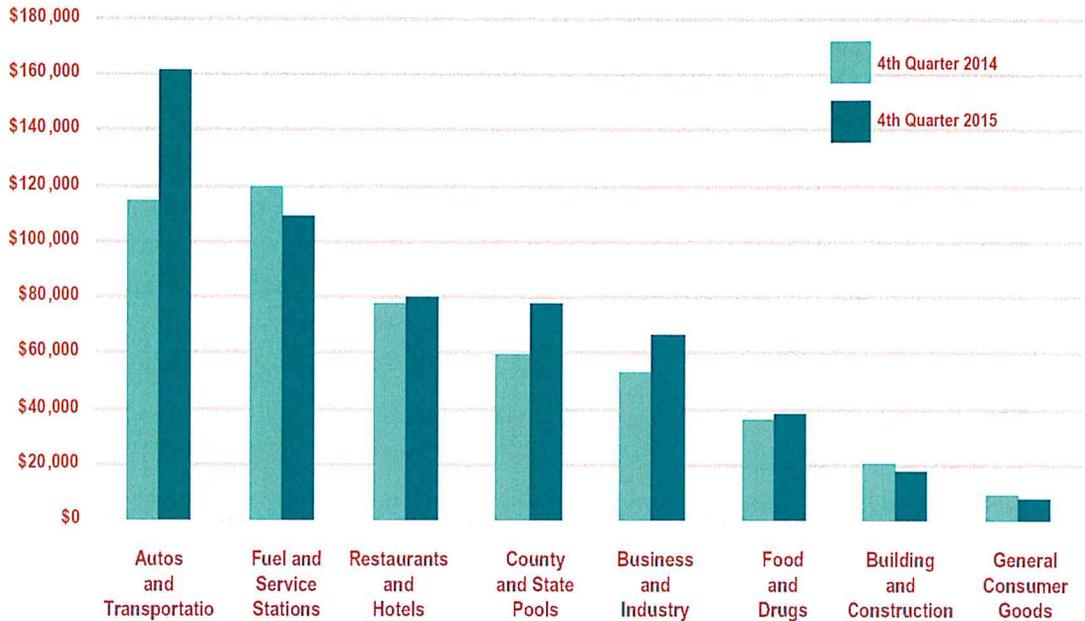
More than two-thirds of the quarter's gain was the result of vibrant sales in the autos and transportation group that was further bolstered by a recent business opening.

An unusually large vendor payment also hiked receipts from the county pool. Winery results were favorable, but only because of payment aberrations that inflated returns from what would have otherwise been a slight decline.

Partially offsetting these gains was a drop in revenue from service stations due to the global oversupply of crude oil that has depressed the price of gasoline.

Net of aberrations, taxable sales for all of Santa Barbara County grew 5.6% over the comparable time period; the Central Coast region was down 0.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

AJ Spurs Saloon & Dining Hall	Nova Sensors
Albertsons	Platinum Performance
Andersons Pea Soup	Platinum Performance Vet
Buellton Shell	Rio Vista Chevrolet
Buelton Mobil Chevron	Santa Ynez Valley Marriott
Conserv Fuel	Sky River Rv
CVS	Terravant Wine Company
Eagle Energy	Tesoro Refining & Marketing
Farm Supply	The Hitching Post II
Firestone Walker	Todd Pipe & Supply
Industrial Eats	Toms Gas & Market
Jim Vreeland Ford	
McDonalds	

REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$1,322,758	\$1,463,281
County Pool	181,880	195,666
State Pool	1,131	1,608
Gross Receipts	\$1,505,769	\$1,660,555
Less Triple Flip*	\$(376,442)	\$(415,139)

*Reimbursed from county compensation fund

California Overall

Excluding accounting aberrations, local sales and use tax receipts from the fourth quarter of 2015 ended 2.6% above 2014's holiday quarter.

Solid returns for autos, RVs, building materials and most categories of restaurants were the primary contributors to the statewide increase. The growth in online shopping for merchandise shipped from out-of-state continued to raise countywide use tax allocation pool revenues.

The gains were largely offset by a 13.2% drop in tax receipts from service stations and other fuel-related expenditures. Except for value price clothing and shoes, most categories of general consumer goods were flat or down, reflecting heavy price discounting to reduce excess holiday inventories and the impact of the strong dollar on international tourist spending.

With some exceptions, particularly in the areas of computers and agricultural chemicals, overall receipts from business and industrial expenditures were also down primarily due to cutbacks in capital spending by energy producers and manufacturers of exported goods, equipment and raw materials.

Intense competition and price pressures resulted in only modest gains in receipts from grocers and pharmacists with the largest increase in this group coming from liquor stores and marijuana dispensaries.

HdL's most recent economic consensus forecast anticipates similar modest gains through 2016 with an eventual peak in auto sales replaced by strong sales of building and construction materials for home improvement and new housing. A recovery in tax receipts from fuel is not expected until the end of the year.

The Triple Flip Is Over!

Beginning with taxes collected in January and forward, local governments will again receive their full share of Bradley-Burns sales and use tax reve-

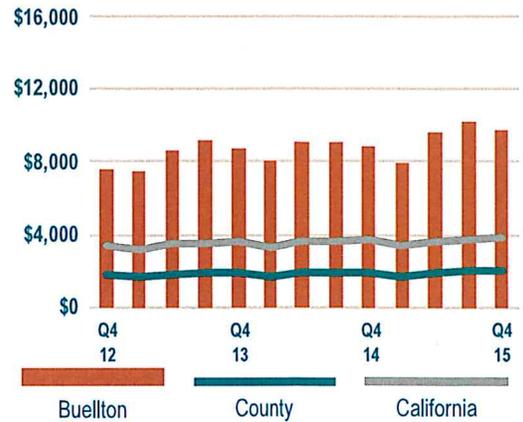
nues thus ending an eleven-year program known as the Triple Flip.

The program began in 2004 when voters approved a \$15 billion bond issue to cover operating deficits resulting from a combination of that year's economic downturn plus failure to offset the loss of revenue from the Governor's popular reduction in the 65-year-old, 2% Motor Vehicle In-Lieu Tax.

The State retained 25% of local sales tax to guarantee the bonds, reimbursed local governments from monies meant for schools and replaced the money taken from schools with state general funds thus creating what became known as the Triple Flip. The financing scheme resulted in interest payments totaling \$4.8 billion, plus another \$200 million in administrative fees while creating new budget challenges for local governments.

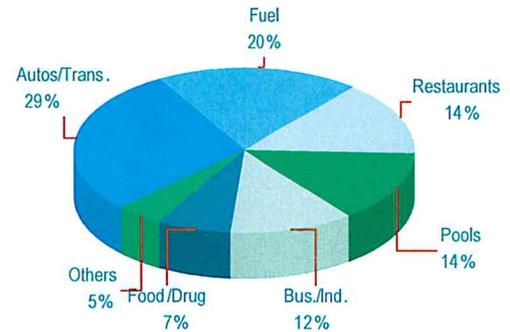
It also resulted in voter passage of constitutional amendment Proposition 1A that bars state tampering with local sales and use tax revenues in the future.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Buellton This Quarter



BUELLTON TOP 15 BUSINESS TYPES

Business Type	Buellton		HdL State
	Q4 '15	Change	Change
Auto Repair Shops	8,991	13.6%	5.6%
Automotive Supply Stores	8,447	10.3%	5.3%
Casual Dining	49,485	4.0%	6.1%
Drug Stores	— CONFIDENTIAL —	—	1.2%
Electrical Equipment	— CONFIDENTIAL —	—	-13.5%
Garden/Agricultural Supplies	— CONFIDENTIAL —	—	16.3%
Grocery Stores Liquor	— CONFIDENTIAL —	—	0.5%
Medical/Biotech	— CONFIDENTIAL —	—	-3.9%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	7.9%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	-30.0%
Plumbing/Electrical Supplies	— CONFIDENTIAL —	—	9.4%
Quick-Service Restaurants	24,465	0.2%	7.9%
Service Stations	99,573	-10.6%	-10.5%
Trailers/RVs	— CONFIDENTIAL —	—	23.5%
Wineries	25,883	37.2%	6.7%
Total All Accounts	482,465	11.7%	2.4%
County & State Pool Allocation	77,786	31.3%	19.0%
Gross Receipts	560,251	14.1%	3.5%