

Q2 2017



City of Buellton Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2017)

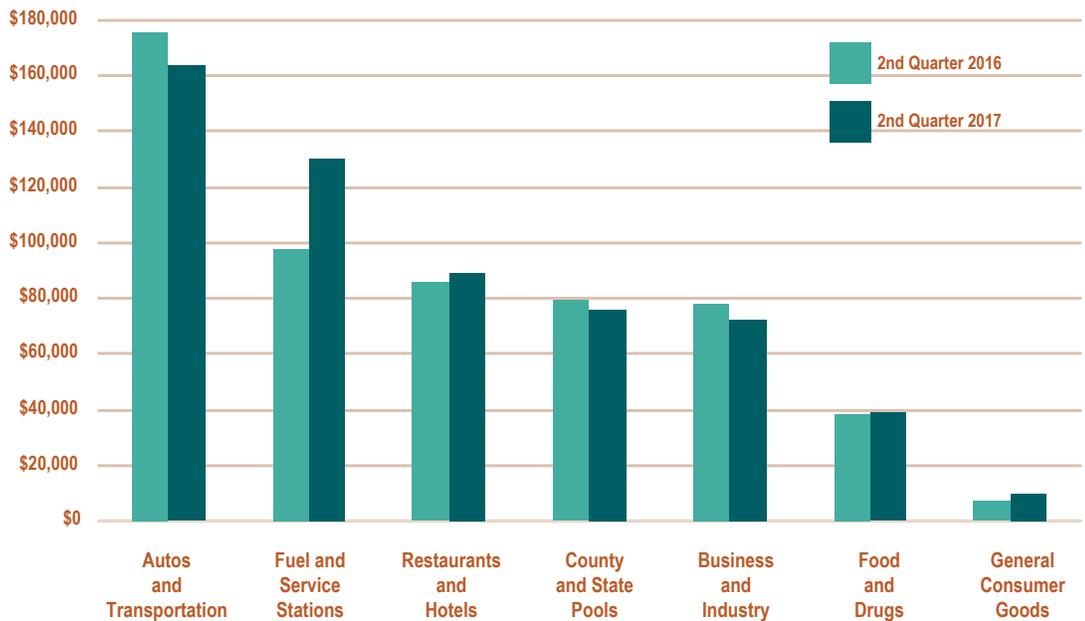
Buellton In Brief

Buellton's actual sales from April through June were up 7.9%. Additional allocations received last year from a winery and an auto-transportation company to correct long-standing reporting errors diminished this year's growth in cash receipts to 3.5%.

The return of higher gasoline prices at the pump made service stations the standout category and contributed the most to overall improvement. Restaurant-hotel receipts were also lifted by the opening of several national chain eateries in town.

Net of aberrations, taxable sales for all of Santa Barbara County grew 1.9% over the comparable time period; the Central Coast region was up 4.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

AJ Spurs Saloon & Dining Hall	Platinum Performance
Albertsons	Platinum Performance Vet
Andersons Pea Soup	Rio Vista Chevrolet
Buellton Shell	Sky River RV
Buelton Mobil Chevron	Taproom & Barrelworks
Conserv Fuel	Terravant Wine Company
CVS Pharmacy	Tesoro Refining & Marketing
Eagle Energy	The Hitching Post II
Farm Supply	Todd Pipe & Supply
Habit Burger	Toms Gas & Market
Industrial Eats	Tractor Supply
Jim Vreeland Ford	
McDonalds	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2016-17	2017-18
Point-of-Sale	\$500,420	\$524,516
County Pool	79,058	75,791
State Pool	177	(276)
Gross Receipts	\$579,655	\$600,030
Less Triple Flip*	\$0	\$0

*Reimbursed from county compensation fund

California Overall

Local government's one-cent share of statewide sales and use tax from transactions occurring April through June was 3.2% higher than the same quarter of 2016 after payment aberrations are factored out.

The largest percentage increases were from the countywide allocation pools, building supplies and rising fuel prices. Auto sales and restaurants continued to post solid gains. Except for value priced apparel and dollar stores, most categories of general consumer goods were down or flat with the growth in online shopping shifting tax receipts to in-state distribution centers or to the countywide allocation pools.

Receipts from business and industrial transactions were lower than last year's comparable quarter because of declines in new alternative energy projects. Agricultural and new technology related purchases exhibited healthy gains as did sales of warehouse and construction equipment. Most other categories were down from 2016.

Where does the Money Go?

E-commerce, technology and changing consumer preferences have retailers undergoing a dizzying transformation as they compete for customers through online websites, mobile apps, home delivery, social media, pop-up/flex stores and pick-up lockers as well as traditional brick and mortar businesses.

The changes in how goods are inventoried, sold and delivered has created some confusion in allocating local sales and use tax. However, it still involves three basic principles:

- Location where the sale is negotiated
- Location of goods at time of sale
- Ownership of goods being sold

Place of sale continues to be California's primary rule for allocating local sales tax. If the inventory is owned by the seller and is located in-state, the tax goes to the location that participates in the sale, either by receiving the order or

shipping the goods. If the order is taken outside the state but the seller owns the inventory and delivers the goods from inside California, the tax is allocated to the jurisdiction where the warehouse is located. Otherwise, the tax is shared by all agencies in the county where the goods are shipped on a pro-rata basis through the county allocation pools.

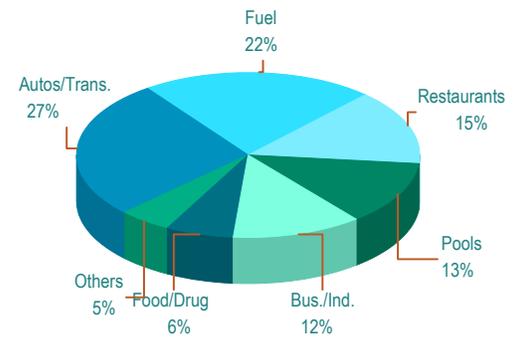
Ownership of the goods being sold is also a factor. In order for an agency to receive a direct allocation of local tax for goods shipped from a California fulfillment center, the location must be the retailer's place of business and not owned or operated by a separate legal entity. If the retailer has no place of business in California, the only opportunity for local tax is an indirect allocation through the countywide pools

For jurisdictions with transactions tax overrides, that tax goes to the place of purchase rather than the place of the seller. For example, the sales tax on the purchase of an automobile goes to the seller's location. However, the transactions tax, if any, goes to the jurisdiction where the buyer's vehicle is registered.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Buellton This Quarter



BUELLTON TOP 15 BUSINESS TYPES

Business Type	Buellton		County	HdL State
	Q2 '17	Change	Change	Change
Auto Repair Shops	7,218	-19.6%	1.6%	9.2%
Automotive Supply Stores	8,559	2.8%	12.3%	2.8%
Casual Dining	48,257	-14.0%	-2.1%	2.2%
Drug Stores	— CONFIDENTIAL —	—	2.9%	0.8%
Fast-Casual Restaurants	— CONFIDENTIAL —	—	8.9%	9.5%
Garden/Agricultural Supplies	— CONFIDENTIAL —	—	3.9%	4.4%
Grocery Stores	— CONFIDENTIAL —	—	2.0%	2.1%
Medical/Biotech	— CONFIDENTIAL —	—	-21.6%	7.5%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	2.3%	3.2%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	-6.9%	23.6%
Plumbing/Electrical Supplies	— CONFIDENTIAL —	—	5.7%	3.7%
Quick-Service Restaurants	25,249	0.3%	2.0%	5.8%
Service Stations	113,941	29.5%	9.5%	8.6%
Trailers/RVs	— CONFIDENTIAL —	—	8.4%	9.0%
Wineries	18,898	-42.8%	-7.8%	1.0%
Total All Accounts	524,516	4.8%	0.7%	6.4%
County & State Pool Allocation	75,514	-4.7%	-8.5%	-9.9%
Gross Receipts	600,030	3.5%	-0.6%	4.1%