

# Q2 2020



# City of Buellton Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2020)

## Buellton In Brief

Buellton's receipts from April through June were 13.4% above the second sales period in 2019. Excluding reporting aberrations, actual sales were down 0.4%.

Double payments from businesses that had missing/partial payments in 1Q20 was the main cause of the variance between cash receipts and actual sales.

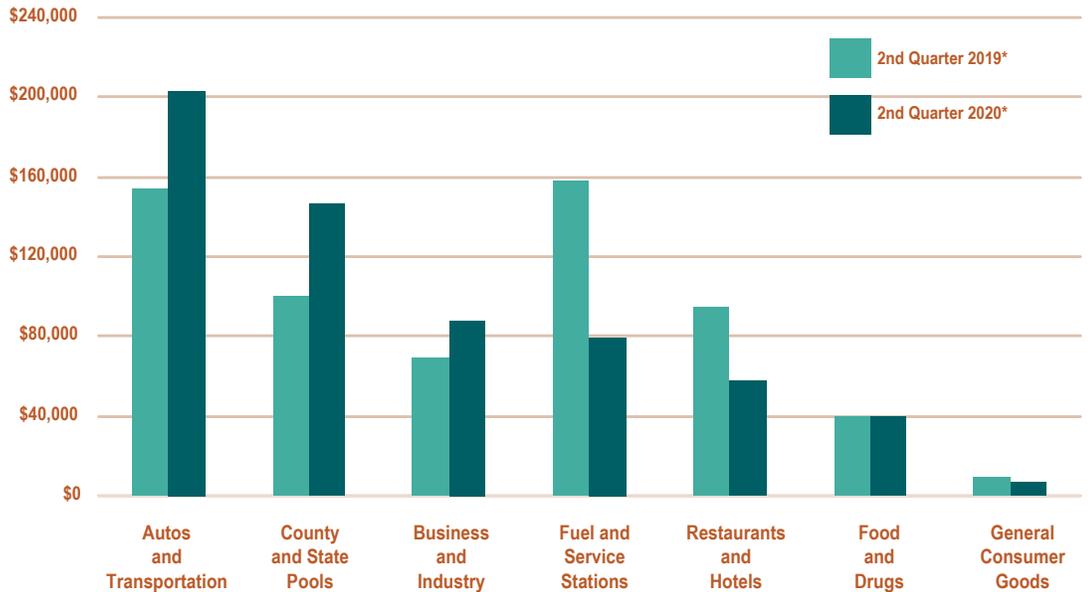
Actual sales in service stations and restaurants and hotels declined 50.0% and 39.6%, respectively, due to Covid-19 impacts. Retail sales were down 30.4%.

Higher sales from local dealerships bucked industry trends as the automotive group posted a 32.2% gain. Similarly, gains from wineries and garden/agricultural supplies boosted business and industry sales 27.8%. Continued robust growth from the countywide pool resulting from the Wayfair decision that required additional out of State companies to collect sales tax pushed the City's allocation from the county pool 46.3% higher.

Food and drugs and building and construction were little changed.

Net of aberrations, taxable sales for all of Santa Barbara County declined 17.5% over the comparable time period; the Central Coast region was down 17.8%.

## SALES TAX BY MAJOR BUSINESS GROUP



\*Allocation aberrations have been adjusted to reflect sales activity

### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

A & A Pump & Well Service	Jim Vreeland Ford
Airstream of Santa Barbara by Sky River	McDonalds
Albertsons	O'Reilly Auto Parts
Buellton Shell	Platinum Performance
Buelton Mobil	Platinum Performance Vet
Chevron	Rio Vista Chevrolet
Coast Auto Sales	Taproom & Barrelworks
Conserv Fuel	The Hitching Post II
CVS Pharmacy	Todd Pipe & Supply
Eagle Energy 76	Toms Gas & Market
Farm Supply	Tractor Supply
Habit Burger Grill	Wonderful Wine Co
Industrial Eats	

### REVENUE COMPARISON

Four Quarters – Fiscal Year To Date (Q3 to Q2)

	2018-19	2019-20
Point-of-Sale	\$2,405,453	\$2,089,594
County Pool	376,409	470,353
State Pool	1,213	1,065
<b>Gross Receipts</b>	<b>\$2,783,075</b>	<b>\$2,561,013</b>

**Statewide Results**

Local sales and use tax receipts from April through June sales were 16.3% lower than the same quarter of 2019 after factoring for accounting anomalies and back payments from previous quarters.

This was the largest quarter to quarter decline since 2009. The drops were deepest in the San Francisco Bay Area, Central Coast and Southern California where declines in revenues from fuel, automobiles, general consumer goods and restaurants/hotels were the most severe.

However, despite a 14.9% unemployment rate that eclipsed the previous high of 12.3% during the great recession of 2010 and temporary business closures, the drop in sales was less than previously projected by most analysts including HdL.

The high second quarter unemployment rates primarily affected lower wage service sectors which generate a smaller share of sales tax revenues. Internet connected knowledge workers continued to work but locked at home, found that they had extra cash to spend because of reduced commute and work-related expenses and few entertainment or travel options. Additionally, though much of the quarter's government relief payments were spent largely on rents, utilities and necessities, the money was not distributed proportionally to income losses thereby adding temporary discretionary income gains for some recipients.

Low interest rates and longer term lending practices allowed the extra money to be spent on previously delayed purchases such as autos and home improvements. New car registrations dropped 48.9% in the second quarter, but sales tax receipts dropped only 15.8% as buyers who did purchase, opted for more expensive SUV's, trucks and luxury vehicles. As cabin fever set in, sales of RV's, boats and Motorcycles also began to rise.

With restaurants and many brick and mortar stores closed or restricted to limited occupancy, buyers shifted to online shopping with tax revenues from in-state fulfillment centers rising 142.7% over the

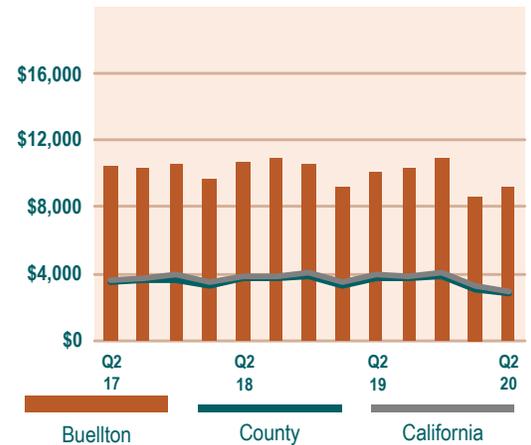
second quarter of 2019 and county pools where tax receipts from out-of-state goods are allocated, rising 28.9%. Online sales accounted for 52.0% of this quarter's tax revenues from the general consumer goods group.

Working at home eventually morphed into working on home thereby boosting related improvement purchases. Grocers, cannabis, liquor and sporting goods further helped offset losses in other segments.

Strong demand for warehouse and shipping technology, equipment and supplies to accommodate the increase in online shopping as well as home offices and virtual classrooms helped offset declines in the business/industrial group. Unanticipated gains in agriculture related purchases and transit spending further added to the offset.

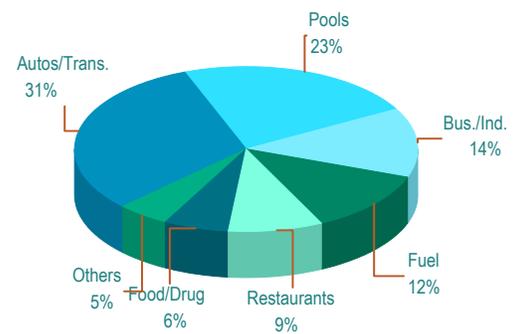
Pandemic uncertainties, fires, childcare issues and bankruptcies are expected to result in uneven gains through 2020-21 with each jurisdiction's experience differing according to the scope and character of their individual tax bases. Overall recovery and improvement in statewide receipts is not expected to begin until 2021-22.

**SALES PER CAPITA\***



\*Allocation aberrations have been adjusted to reflect sales activity

**REVENUE BY BUSINESS GROUP**  
Buellton This Quarter\*



\*Allocation aberrations have been adjusted to reflect sales activity

**BUELLTON TOP 15 BUSINESS TYPES\*\***

Business Type	Buellton		County	HdL State
	Q2 '20	Change	Change	Change
Auto Repair Shops	8,453	-5.0%	-25.0%	-28.2%
Automotive Supply Stores	8,922	4.4%	-0.9%	-4.7%
Casual Dining	21,685	-51.1%	-53.1%	-53.2%
Contractors	9,906	15.3%	-17.4%	-12.2%
Drug Stores	—	CONFIDENTIAL	-5.5%	0.1%
Fast-Casual Restaurants	—	CONFIDENTIAL	-29.4%	-30.2%
Garden/Agricultural Supplies	28,242	16.0%	1.6%	3.5%
Grocery Stores	—	CONFIDENTIAL	3.3%	7.8%
Medical/Biotech	—	CONFIDENTIAL	-18.1%	-15.2%
New Motor Vehicle Dealers	—	CONFIDENTIAL	-13.7%	-15.8%
Plumbing/Electrical Supplies	—	CONFIDENTIAL	-1.7%	-15.8%
Quick-Service Restaurants	21,088	-13.1%	-17.8%	-22.0%
Service Stations	79,039	-50.0%	-46.3%	-45.2%
Trailers/RVs	—	CONFIDENTIAL	67.6%	7.0%
Wineries	22,511	44.2%	-20.5%	-25.7%
<b>Total All Accounts</b>	<b>499,567</b>	<b>-8.9%</b>	<b>-24.5%</b>	<b>-24.0%</b>
<b>County &amp; State Pool Allocation</b>	<b>146,656</b>	<b>46.3%</b>	<b>24.2%</b>	<b>28.9%</b>
<b>Gross Receipts</b>	<b>646,223</b>	<b>-0.4%</b>	<b>-17.5%</b>	<b>-16.3%</b>

\*\* Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.