

# Q3 2019



# City of Buellton Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2019)

## Buellton In Brief

Buellton's receipts from July through September were 17.1% below the third sales period in 2018. However, this comparison was skewed due to the CDTFA's transition to a new reporting system in the prior year when additional payments were received by the City. Excluding reporting aberrations, actual sales were flat.

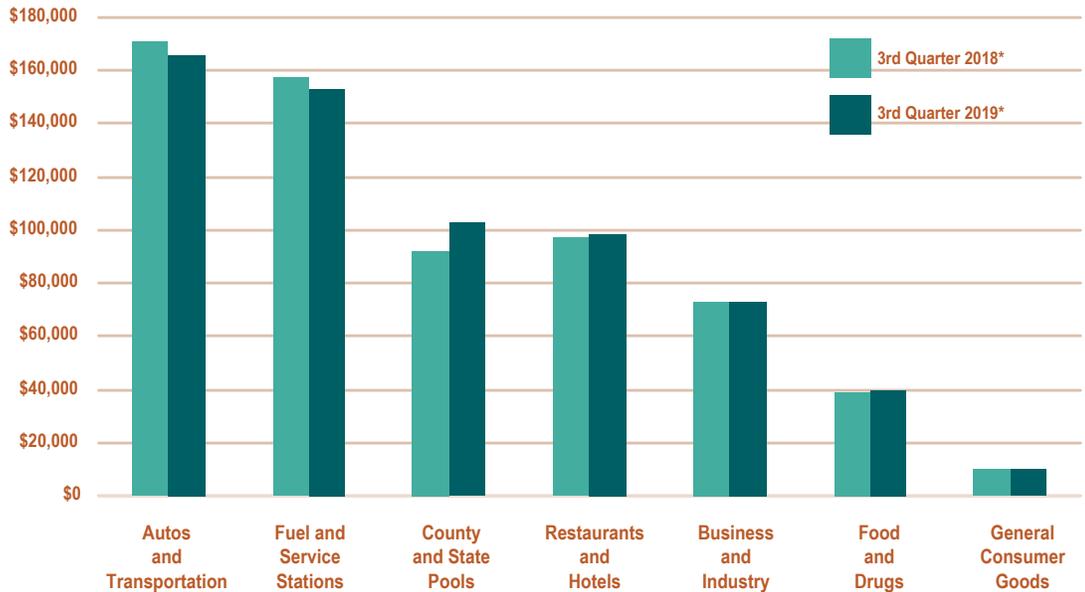
Allocations from the Santa Barbara countywide use-tax pool, which has been bolstered by implementation of California's AB 147, increased 11%. The new legislation has established a lower threshold to collect use-tax on internet sales.

The sale of building-construction related supplies decreased after a prior year misallocation made for a difficult comparison. Winery sales fell and service station receipts dropped 3%, slightly more than the -2% statewide trend.

Auto-transportation related receipts were mixed with a drop-in sales activity partially offset by a misallocation from another jurisdiction.

Net of aberrations, taxable sales for all of Santa Barbara County grew 2.7% over the comparable time period; the Central Coast region was up 1.0%.

## SALES TAX BY MAJOR BUSINESS GROUP



\*Allocation aberrations have been adjusted to reflect sales activity

### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Airstream of Santa Barbara by Sky River	Industrial Eats
AJ Spurs Saloon & Dining Hall	Jim Vreeland Ford
Albertsons	McDonalds
Andersons Pea Soup	Platinum Performance
Buellton Shell	Platinum Performance Vet
Buelton Mobil	Rio Vista Chevrolet
Chevron	Sky River Rv
Conserv Fuel	Taproom & Barrelworks
CVS Pharmacy	The Hitching Post II
Eagle Energy 76	Todd Pipe & Supply
Farm Supply	Toms Gas & Market
Habit Burger Grill	Tractor Supply
	USA Station

### REVENUE COMPARISON

One Quarter – Fiscal Year To Date (Q3)

	2018-19	2019-20
Point-of-Sale	\$699,868	\$571,849
County Pool	122,854	110,019
State Pool	372	233
<b>Gross Receipts</b>	<b>\$823,094</b>	<b>\$682,101</b>

**Statewide Results**

The local one-cent share of statewide sales and use tax from sales occurring July through September was 2.2% higher than the summer quarter of 2018 after adjusting for accounting anomalies.

The bulk of the increase came from the countywide use tax allocation pools and is due to the acceleration in online shopping where a large volume of the orders are shipped from out-of-state.

Online shopping also produced gains in the business-industrial group with in-state industrial zoned logistics centers filling orders previously taken by brick and mortar retailers. Purchases to support healthcare, food processing, logistics/warehouse operations and information/data technology also helped offset declines in other business-related categories.

With the exception of some discount and value-oriented retail, most categories of general consumer goods were down. New cannabis related start-ups offset declines in the food and drug group while a softening in building-construction receipts was consistent with recent declines in the volume and value of new building permit issuances.

Overall growth in restaurant receipts continued to soften with a shift toward lower cost dining establishments and takeout meal options. Reports of labor shortages and the impact of homelessness on customer traffic in metropolitan areas were reportedly factors in the decline in tax revenues from higher price, fine dining establishments.

Despite a slight uptick in used auto and auto lease receipts, the auto related group was significantly down due to a drop in new car and RV sales. Previously propped up by a 23% subprime rated customer base and six- and seven-year financing, loan delinquencies have recently surged back to levels last seen in 2009.

**Additional Tax Districts Approved**

Voters approved eight of the nine sales

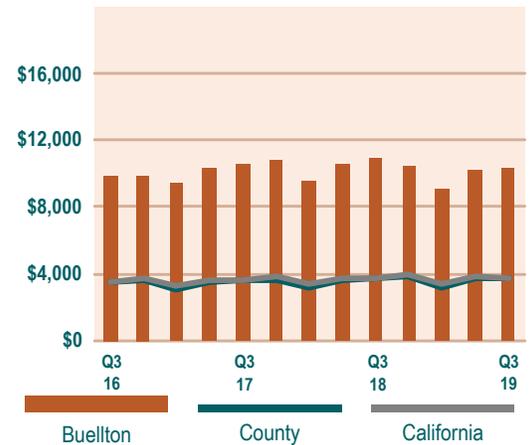
tax measures on the November 2019 ballot adding six new districts and extending two others.

This brings the total number of local transactions and use tax districts (TUT's) to 325 with 62 that are levied countywide and 263 imposed by individual cities. The number of local districts have close to tripled over the last decade as agencies deal with rising costs and service needs. TUT's have been a favorable option as visitors contribute to the tax and a collection system is already in place that minimizes administrative and monitoring costs.

California's basic rule is that the rate for all local TUT's combined, shall not exceed 2.0% or a total of 9.25% including the state levy. However, the state legislature has authorized higher caps in some jurisdictions with the highest voter-approved, combined state/local rate now at 10.5%.

Thirty-five or more additional local TUT measures are currently being considered for the March 2020 ballot.

**SALES PER CAPITA\***



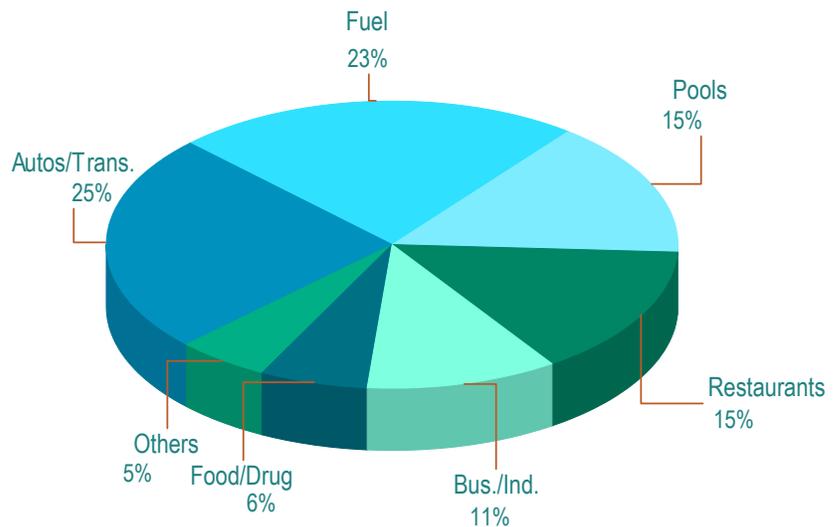
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**COUNTY OVERALL  
3Q YOY RECEIPTS % CHANGE**

Major Industry Groups	Cash	Adjusted*
Autos and Transportation	-9.7%	-4.7%
Building and Construction	-16.4%	-1.3%
Business and Industry	-17.3%	1.7%
Food and Drugs	4.0%	2.7%
Fuel and Service Stations	-13.9%	0.9%
General Consumer Goods	-11.8%	-2.8%
Restaurants and Hotels	-4.3%	3.5%
County and State Pools	-2.0%	22.1%
<b>Total</b>	<b>-9.2%</b>	<b>2.7%</b>

\*Accounting anomalies factored out

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



\*Allocation aberrations have been adjusted to reflect sales activity