

# Q1 2019



# City of Buellton Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2019)

## Buellton In Brief

**B**uellton's receipts from January through March were 14.9% above the first sales period in 2018, however double payments and other reporting aberrations inflated all sectors. Excluding aberrations, actual sales were down 0.2%.

**A** large overall drop from vehicle dealerships caused a 16.3% decrease in the automotive group's actual sales and offset the gains from all other business sectors.

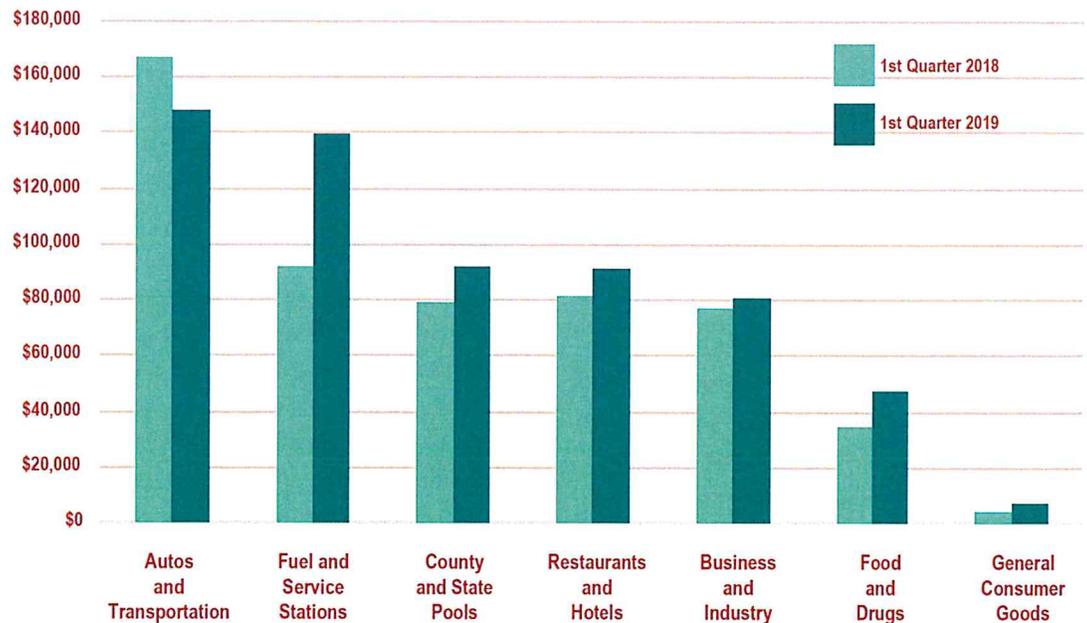
**B**uilding and construction posted a 57.5% increase during the quarter, however it appears that much of that gain is a result of misallocated payments from contractors that belong to other jurisdictions. Strong performance from most dining out categories boosted restaurants and hotels actual sales by 10.7%.

**G**eneral retail sales increased 16.0% aided by a recently opened outlet. Service stations sales were up 2.4%, while food and drugs sales were 2.7% higher.

**T**he City's allocation from the countywide use tax pool increased 17.1% due to a surge in receipts in the pool during the quarter.

**N**et of aberrations, taxable sales for all of Santa Barbara County grew 1.3% over the comparable time period; the Central Coast region was down 2.1%.

## SALES TAX BY MAJOR BUSINESS GROUP



### 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
Anderson's Pea Shop	Platinum Performance Vet
Buellton Shell	Rio Vista Chevrolet
Buelton Mobil	Santa Ynez Valley Marriott
Chevron	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	USA Station
	Wonderful Wine Co.

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date (Q3 to Q1)

	2017-18	2018-19
Point-of-Sale	\$1,562,875	\$1,809,426
County Pool	252,687	298,506
State Pool	1,002	961
<b>Gross Receipts</b>	<b>\$1,816,565</b>	<b>\$2,108,892</b>

**Statewide Results**

Local sales and use tax receipts from January through March sales were 1.0% higher than the first quarter of 2018 after factoring out accounting anomalies and back payments from previous state reporting shortfalls. This was the lowest percentage increase since first quarter, 2010.

The growth came primarily from a solid quarter for purchases related to expanding logistics, medical and technology facilities and modest gains in building-construction supplies and restaurants. Cannabis sales produced a slight uptick in the food-drug group.

Lower fuel prices and declining general consumer good purchases offset the gains. The shift to internet purchases continued with online shopping accounting for 22.3% of the total general consumer goods segment versus 20.2% one year ago. Tax receipts from new car sales exhibited significant reductions although the drop was partially offset by an upswing in used autos and auto leases.

Regional changes ranged from a decline of 2.1% to gains as high as 4.4%. However, the differences were primarily attributable to onetime projects or capital purchases and not reflective of overall economic trends.

**Slower Growth Ahead?**

July marks ten years of continuous economic growth which is the longest period of U.S. economic expansion on record. However, analysts from a variety of economic segments are reporting signs that we may be leveling off.

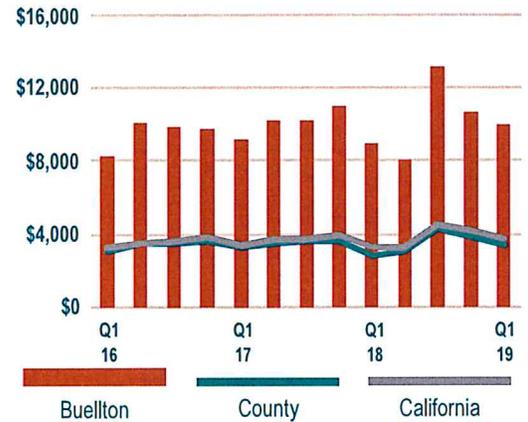
This quarter marked the eighth consecutive comparative period decline in California new car registrations with analysts noting that higher prices and a growing supply of vehicles coming off lease are making used cars more attractive. They also note that on-demand services such as Uber and Lyft are making it easier for debt-burdened millennials to avoid buying cars altogether.

Rising restaurant menu prices, renewed competition from grocer prepared meals, and cutbacks in foreign tourism appear to be reducing restaurant patronage which in recent years was one of the state's fastest growth segments. There will be an uptick in the second quarter's fuel-related tax receipts because of that period's refinery shutdowns; lower crude oil costs are expected to produce subsequent declines.

Uncertainty over U.S. tariff and trade policies plus labor shortages are delaying some investment and business expansion decisions while reduced home sales and two quarters of declining construction permit values suggest a potential future leveling in that sector. Investment in technological advances should continue and remain strong.

Economic shifts are not the only factor leveling sales tax revenues. With an economy based on intellectual technology rather than goods and consumer priorities shifting to non-taxable services and experiences, sales tax no longer reflects 21st century spending. Each year therefore, the portion of the economy that is taxed, shrinks.

**SALES PER CAPITA**



**COUNTY OVERALL 1Q YOY RECEIPTS % CHANGE**

Major Industry Groups	Cash	Adjusted*
Autos and Transportation	10.2%	1.7%
Building and Construction	-4.8%	-1.5%
Business and Industry	76.3%	-2.5%
Food and Drugs	26.0%	-1.0%
Fuel and Service Stations	30.7%	-4.4%
General Consumer Goods	9.4%	-1.7%
Restaurants and Hotels	13.7%	6.9%
County and State Pools	21.9%	8.8%
<b>Total</b>	<b>19.9%</b>	<b>1.3%</b>

\*Accounting anomalies factored out

**REVENUE BY BUSINESS GROUP**  
Buellton This Quarter

