

Q2 2019



City of Buellton Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (April - June 2019)

Buellton In Brief

Buellton's receipts from April through June were 35.0% above the second sales period in 2018. However, this comparison is inflated due to CDTFA's transition to a new reporting system in the prior year which temporarily delayed distributions to the City. Excluding reporting aberrations, actual sales were up 2.5%.

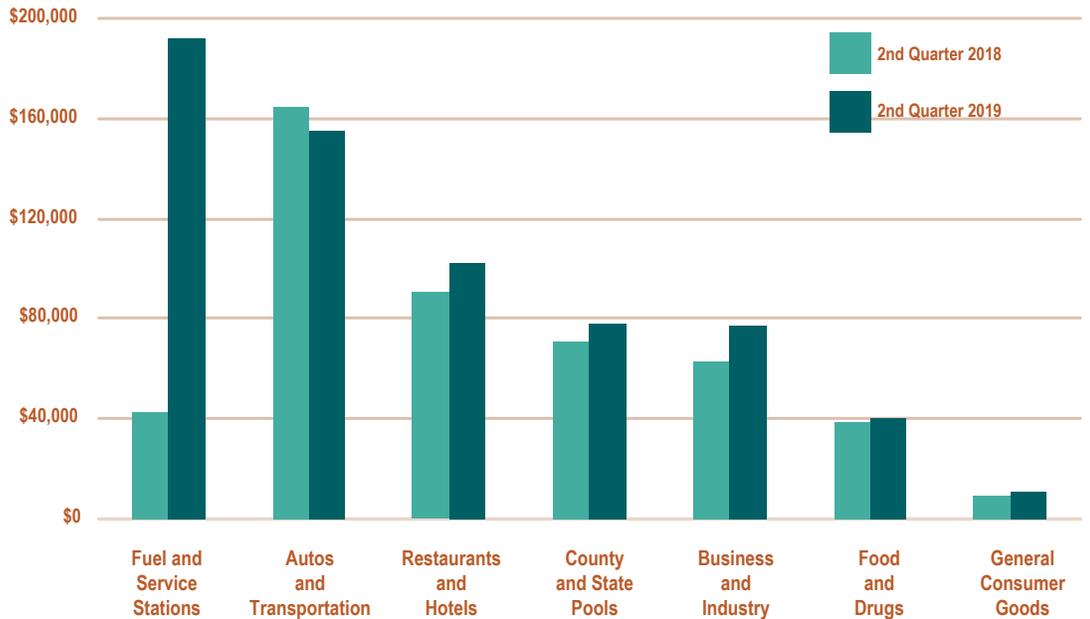
Increased activity at local gas stations boosted the fuel group, while solid growth at wineries and garden-agricultural merchants lifted business-industry.

These local point of sale results combined with increased capital and online purchases of items shipped into the region compared to the prior year, boosted allocations from the countywide use tax pool, further contributing to the positive outcome.

In contrast, sluggish sales by auto-transportation vendors and building-construction suppliers partially offset the gains.

Net of aberrations, taxable receipts for all of Santa Barbara County grew 3.0% over the comparable time period; the Central Coast region was up 2.8%.

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
Andersons Pea Soup	Platinum Performance
Buellton Shell	Platinum Performance Vet
Buelton Mobil	Rio Vista Chevrolet
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

		1,73,2	1,23,6
409	\$530 3	\$1,991,510	\$2,405,453
0	\$5 400	323,174	376,409
5	5 400	1,166	1,213
0		\$2,315,850	\$2,783,075

California Overall

The local one percent share of California’s sales and use tax from April through June sales was 20.4% higher than the same quarter of 2018. However, the actual gain came to 2.9% after factoring for online filing issues and accounting anomalies. Fiscal year 2018-19 ended with an increase of 3.6% over the previous year after similarly adjusting for reporting aberrations.

The quarter exhibited continuation of a recent softening for most taxable categories. Rising used car sales and rentals helped offset what was otherwise, a generally flat quarter for the auto-transportation group. An acceleration in online shopping boosted receipts from county wide pools while gains for brick and mortar stores were limited to value priced apparel, discount department stores and jewelry.

Restaurant patronage appears to be leveling with a shift toward lower cost dining options that produced relatively modest gains for the group when compared to previous quarters. New cannabis operations resulted in a small rise in food and drug receipts.

A 2.5% gain in business-industrial sales and use tax revenues came primarily from online fulfillment centers, logistics and utility company purchases and ongoing investment in automation and information technology. A similar rise in receipts from the building-construction group was due to a variety of infrastructure and onetime special projects that offset declines in material purchases for new home construction.

Marketplace Facilitator Act

Effective Oct. 1, 2019, companies such as Amazon, eBay and Google who provide sales tax related services to other retailers are required to assume the obligation for collecting and remitting their client’s sales and use tax. The definition of sales-related services includes payment processing, inventory and shipping of merchandise, order taking, providing customer service, or assisting with re-

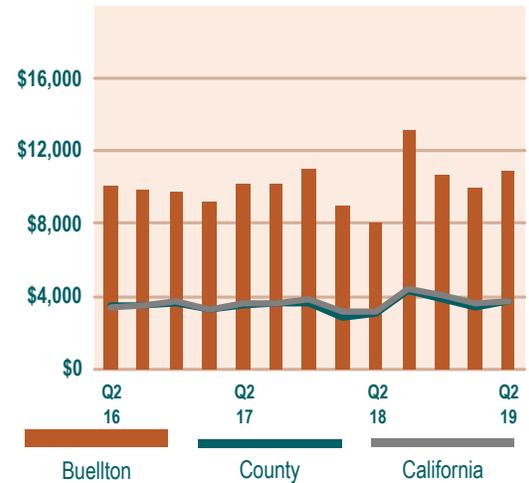
turns and exchanges.

The Marketplace provision was part of AB 147 which was adopted to implement California’s approach to the U.S. Supreme Court decision in South Dakota v. Wayfair Inc.

AB 147 requires out-of-state retailers with annual combined sales of \$500,000 or more to now collect and remit this state’s sales and use tax from its customers. Applying the \$500,000 threshold to the sum total of all the third-party transactions that facilitators process for their clients, is hoped to produce moderate gains in previously uncollected revenues for the state, cities, counties and local transaction tax districts.

Facilitator tax remittances from merchandise inventoried in California will be allocated to specific jurisdictions while receipts from deliveries outside of the state will be distributed via the pools. Some facilitators have begun to collect and remit taxes ahead of this deadline. This is evidenced by new pool allocations and increases in direct allocations to certain jurisdictions.

SALES PER CAPITA



**COUNTY OVERALL
2Q YOY RECEIPTS % CHANGE**

Major Industry Groups	Cash	Adjusted*
Autos and Transportation	8.8%	5.2%
Building and Construction	26.2%	0.7%
Business and Industry	36.6%	3.4%
Food and Drugs	1.9%	-1.0%
Fuel and Service Stations	66.7%	-3.1%
General Consumer Goods	9.4%	-2.5%
Restaurants and Hotels	24.5%	4.5%
County and State Pools	-0.3%	16.4%
Total	18.6%	3.0%

*Accounting anomalies factored out

**REVENUE BY BUSINESS GROUP
Buellton This Quarter**

