

Q1 2016



San Luis Obispo Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2016)

San Luis Obispo In Brief

San Luis Obispo's receipts from January through March were 2.0% above the first sales period in 2015. Excluding reporting aberrations, actual sales were up 2.6%.

Onetime accounting adjustments that negatively impacted last year's allocation exaggerated results from the business and industry sector.

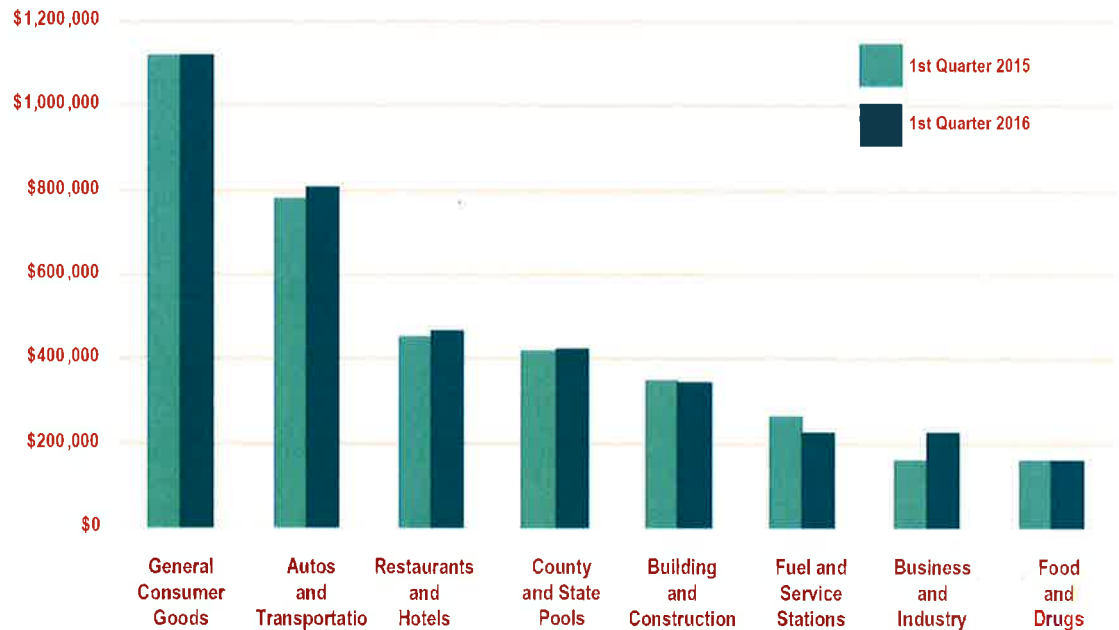
Recent additions helped boost revenues from quick-service restaurants. A missing payment in the year-ago period inflated results from auto repair shops.

The gains were partially offset by lower fuel prices at the pump and a business closeout that reduced receipts from women's apparel.

The City's Measure G voter approved half-cent transaction tax generated an additional \$1,595,456 for the quarter, a decrease of 3.8% over the same period one year ago.

Net of aberrations, taxable sales for all of San Luis Obispo County grew 10.1% over the comparable time period; the Central Coast region was up 4.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Alfano Motorcars	Home Depot
Mercedes Benz	JB Dewar Exxon Distributor
Chevrolet	
Apple	Madonna Inn
Bed Bath & Beyond	Perry Ford Lincoln
Best Buy	Rec Solar
Chevron	Commercial Corporation
Coast BMW Nissan	Smith Volvo
Cole Chrysler Dodge	Sunset Auto Sales
Jeep Cole Mazda	
Conserv Fuel	Tackle Warehouse
Costco	Target
Cuesta Cadillac	Tennis Warehouse
Saab Rancho Grande Motors	Tesoro Refining & Marketing
Ferguson Enterprises	Toyota of San Luis Obispo
Hayward Lumber	Vons

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$10,533,547	\$11,036,695
County Pool	1,203,134	1,473,964
State Pool	6,464	7,684
Gross Receipts	\$11,743,145	\$12,518,343
Less Triple Flip*	\$(2,935,786)	\$(2,184,392)
Measure G	\$5,396,349	\$5,449,256

California Overall

The local one-cent share of the statewide sales and use tax was 3.1% higher than the year-ago quarter after excluding payment aberrations.

Gains in the countywide use tax pools were the largest contributor to the increase due to the growing impact of online purchases from out-of-state sellers and the corresponding shift of tax revenues from brick and mortar retail stores to fulfillment centers that process orders online. Not surprisingly, areas with concentrations of young, affluent buyers saw the highest online sales growth and the weakest general consumer goods results.

Solid results from auto sales and leases, transportation rentals, contractor supplies and restaurants also contributed to the overall increase.

The 5.6% gain in the business-industry sector was bolstered by onetime receipts for equipment purchases related to alternative energy projects.

Most general consumer goods categories were flat or down, except for specialty stores, electronics-appliance stores and home furnishings, consistent with the trend of consumers buying more from online retailers.

Gains from most other segments were relatively modest, while lower prices at the pump caused an 11.4% decline in fuel tax revenues, extending the decline to a sixth consecutive quarter.

Robust Growth in Online Sales

National surveys reveal that consumers buy online to avoid crowds, save time and find better bargains. Online shopping also benefits buyers in rural areas with fewer shopping options.

Total online spending comprised 12.8% of all general consumer goods purchases in 2015, up from 3.4% in 2000.

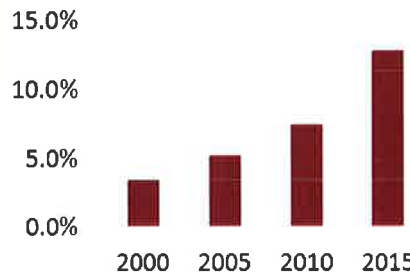
According to Forrester Research, Amazon accounted for 60% of total online sales growth in 2015.

Though the online share of overall sales

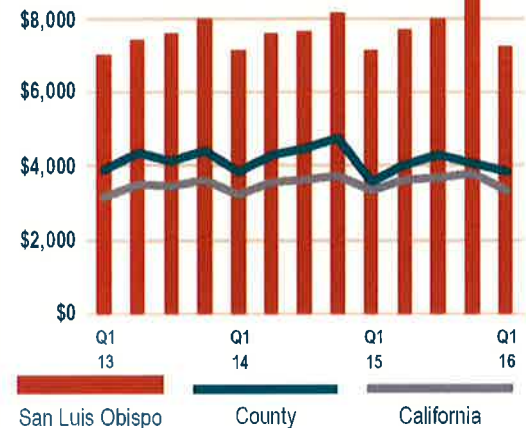
remains relatively modest, the year-over-year growth rate indicates a major shift in retailing is well underway. In response, more and more traditional brick and mortar retailers are opening online sales channels in recognition of this growing trend largely powered by younger buyers.

Department store chains have been particularly hard hit as Amazon has expanded its offerings to include apparel and fashion merchandise. Media reports indicate Macy's recently suffered its worse quarterly sales since the recession, while Nordstrom, J.C. Penney and Kohl's all reported lower sales. Each of these chains has established a solid web presence in a fight to retain market share.

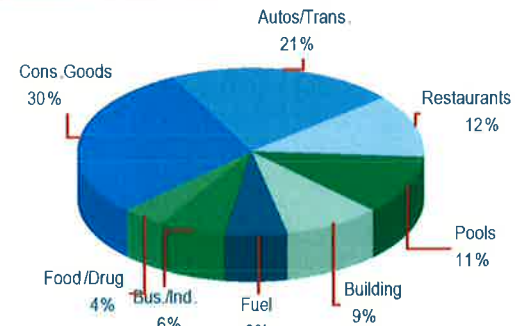
**Online General Consumer Goods
YOY Percentage Growth**



SALES PER CAPITA



**REVENUE BY BUSINESS GROUP
San Luis Obispo This Quarter**



SAN LUIS OBISPO TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	San Luis Obispo Q1 '16*	San Luis Obispo Change	County Change	HdL State Change
Auto Repair Shops	55.7	34.6%	19.8%	7.4%
Casual Dining	261.8	0.3%	7.1%	5.9%
Contractors	62.1	0.5%	-12.1%	1.7%
Discount Dept Stores	— CONFIDENTIAL —		-1.1%	-0.3%
Electronics/Appliance Stores	139.6	4.6%	3.2%	2.8%
Family Apparel	92.8	1.3%	-4.4%	-0.7%
Fast-Casual Restaurants	56.9	-4.1%	-6.4%	2.7%
Home Furnishings	88.2	-4.9%	0.0%	3.0%
Lumber/Building Materials	170.3	-1.5%	5.7%	4.5%
New Motor Vehicle Dealers	598.5	-0.8%	7.4%	3.1%
Plumbing/Electrical Supplies	86.8	1.8%	-0.7%	12.0%
Quick-Service Restaurants	84.4	18.3%	7.2%	6.4%
Service Stations	180.5	-9.4%	-10.3%	-9.3%
Specialty Stores	93.8	10.0%	6.8%	3.4%
Sporting Goods/Bike Stores	146.5	-0.7%	-0.5%	1.4%
Total All Accounts	3,354.4	2.0%	9.1%	1.8%
County & State Pool Allocation	426.3	1.4%	8.4%	14.1%
Gross Receipts	3,780.8	2.0%	9.1%	3.2%