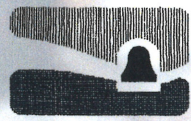


# Q1 2015



# San Luis Obispo Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2015)

## San Luis Obispo In Brief

Receipts for San Luis Obispo's January through March sales were 2.5% higher than the same quarter one year ago. Actual sales activity was up 6.4% when reporting aberrations were factored out.

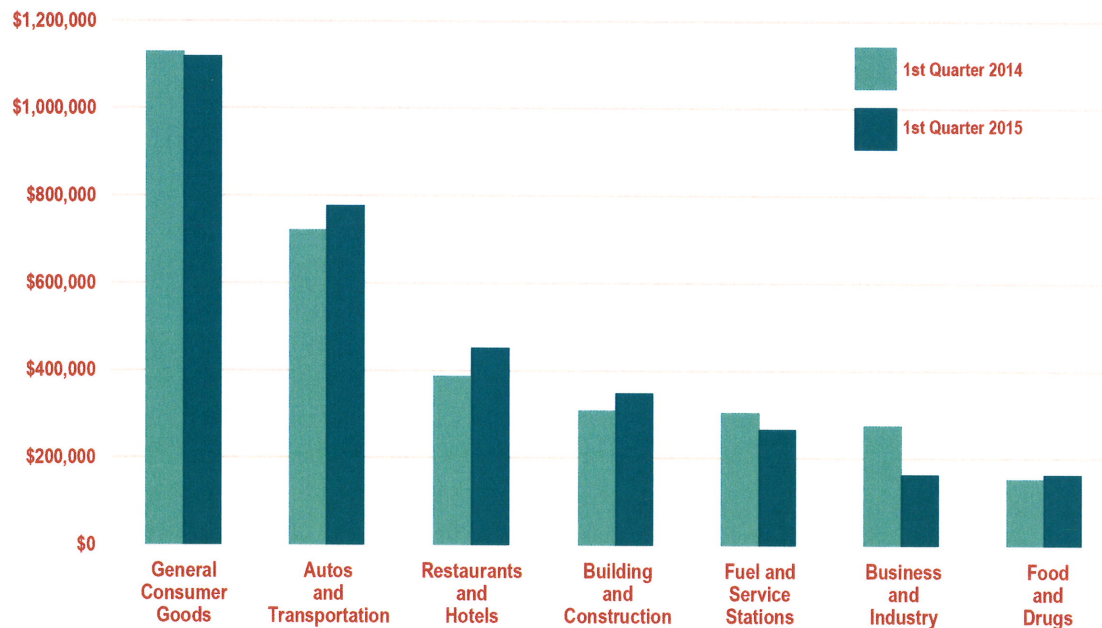
Recent additions and strong sales helped boost revenues from restaurants and home furnishings. The city experienced a strong sales quarter for new motor vehicle dealers.

The gains were offset by a onetime accounting adjustment that negatively impacted returns from the business and industry sector and lower fuel prices at the pump.

The city's Measure G voter approved half cent transaction tax generated an additional \$1,658,615 for the quarter, an increase of 5.5%.

Adjusted for aberrations, taxable sales for all of San Luis Obispo County decreased 4.6% over the comparable time period, while the Central Coast region as a whole was up 3.0%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Alfano Motorcars	Home Depot
Mercedes Benz	JB Dewar Exxon
Chevrolet	Distributor
Apple	Laguna Shell & Madonna Shell
Best Buy	
Chevron	Madonna Inn
Coast BMW Nissan	McCarthy Wholesale
Cole Chrysler Dodge	Perry Ford Lincoln
Jeep Cole Mazda	Sears
Conserv Fuel	Smith Volvo
Costco	Sunset Auto Sales
Cuesta Cadillac	Target
Saab Rancho Grande Motors	Tennis Warehouse
Edna Valley Shell	Tesoro Refining & Marketing
Ferguson Enterprises	Toyota of San Luis Obispo
Hayward Lumber	

## REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$10,372,721	\$10,533,547
County Pool	1,181,236	1,203,134
State Pool	6,825	6,464
Gross Receipts	\$11,560,783	\$11,743,145
Less Triple Flip*	\$(2,890,196)	\$(2,935,786)
Measure G	\$5,062,627	\$5,396,349

Published by HdL Companies in Summer 2015

www.hdlcompanies.com | 888.861.0220



**California as a Whole**

Local one cent tax receipts from sales occurring January through March rose 3.65% over 2014's comparable quarter after adjusting for reporting anomalies.

An exceptionally strong quarter for auto sales/leases and restaurants was the primary contributor to the overall increase. A rise in building-construction materials was also a factor although much of this growth came from specific office and sports facility projects in Northern California.

Gains from sales of general consumer goods were primarily in value priced clothing, home furnishings and specialty retail which includes pet supplies and cosmetics. Online shopping involving goods shipped from out of state continues to shift a major portion of the growth in general consumer goods to the countywide pools.

The statewide gains were largely offset by a 21% decline in receipts from fuel and service stations.

**Tax on Services**

The Board of Equalization has released an estimate that levying sales and use tax on services would raise over \$122.5 billion in state and local revenues or enough to lower the overall tax rate to under 4%.

Originally imposed in 1933 as a 2 1/2% tax with only three exemptions, the legislature has gradually exempted more and more goods from the sales tax while raising rates to compensate for the corresponding revenue loss. This and the state's shift from a manufacturing to service economy has created the nation's highest sales tax rate on the narrowest basket of goods.

Although more discussion is needed, there is interest in expanding the sales tax to services and lowering the rate to make the tax less regressive and

more competitive while providing greater flexibility in the development of local tax bases.

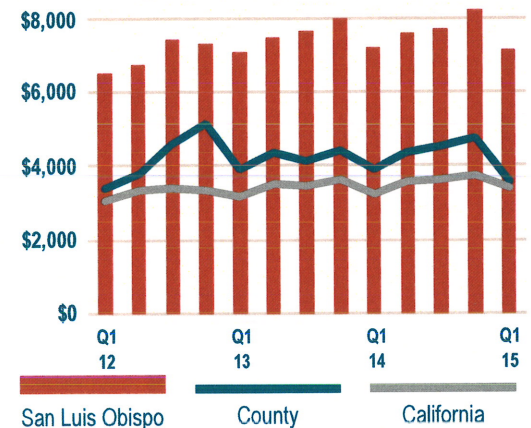
**Tax on Jet Fuel**

The Federal Aviation Administration has ruled that sales taxes on jet fuel must only be used for airport and aviation programs. The rule applies to taxes levied after 1987 but is unclear as to transactions tax districts, Proposition 172 revenues, or revenues collected by jurisdictions without airports. Clarification will not be available until FAA review and approval of a plan that has to be submitted by the state Department of Finance by December 8, 2015.

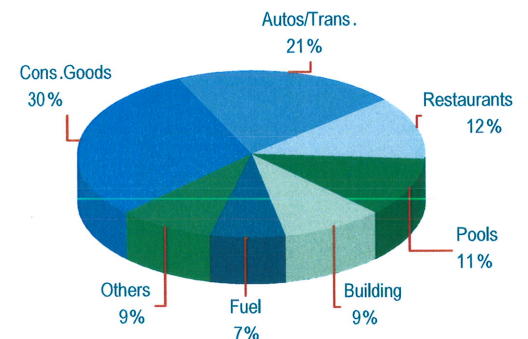
**Tax on Marijuana**

A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE findings are expected by November 2015.

**SALES PER CAPITA**



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



**SAN LUIS OBISPO TOP 15 BUSINESS TYPES**

Business Type	<i>*In thousands</i>			
	San Luis Obispo Q1 '15*	Change	County Change	HdL State Change
Casual Dining	260.9	10.6%	7.7%	5.4%
Contractors	58.9	45.2%	11.2%	14.3%
Discount Dept Stores	— CONFIDENTIAL —	—	4.9%	4.2%
Electronics/Appliance Stores	133.4	-36.1%	-25.2%	-0.4%
Family Apparel	91.6	7.0%	14.6%	9.8%
Fast-Casual Restaurants	58.5	14.7%	15.6%	12.3%
Home Furnishings	92.6	27.9%	7.9%	8.3%
Lumber/Building Materials	175.9	7.9%	-2.9%	-3.0%
New Motor Vehicle Dealers	603.2	8.9%	8.7%	11.1%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	2.9%	-18.0%
Plumbing/Electrical Supplies	85.3	8.8%	8.4%	6.3%
Quick-Service Restaurants	70.6	39.5%	9.8%	10.7%
Service Stations	199.1	-18.5%	-19.0%	-21.9%
Specialty Stores	85.8	4.0%	-31.5%	10.0%
Sporting Goods/Bike Stores	147.5	5.6%	7.0%	6.8%
<b>Total All Accounts</b>	<b>\$3,287.2</b>	<b>0.3%</b>	<b>-7.2%</b>	<b>3.6%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$420.5</b>	<b>24.1%</b>	<b>14.8%</b>	<b>1.1%</b>
<b>Gross Receipts</b>	<b>\$3,707.7</b>	<b>2.5%</b>	<b>-5.2%</b>	<b>3.3%</b>